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ABSTRACT

From October 1982 through September 1984, the New Jersey Department of Human Services, Division of Youth and Family Services (DYFS) piloted a research and demonstration project to test the outcome of using vouchers to finance the public provision of child care. Because of historical funding patterns which tied day care subsidies to particular localities, eligible residents of 9 of the 12 communities in Hudson County had no access to child care subsidy before the Voucher Day Care Project: through the voucher project, the vacancies in child care slots throughout the county were made available for the first time to eligible consumers. Throughout the pilot project, a four-part evaluation procedure measured and described the following components: (1) the individual consumption decisions made by the recipients of child care vouchers, (2) the basis for these service choices, (3) the adequacy of administrative and procedural safeguards for the voucher demonstration, and (4) the project's operation. Findings of the project can be summarized as follows: (1) vouchers proved a satisfactory service delivery system for subsidized day care, (2) through the voucher project, parents were able to become informed consumers of child care, (3) the voucher project increased parental access to child care, and (4) vouchers were a cost-effective method of providing child care subsidy. Contents of the report include the following: an introduction; methodology; summary of project operations; summary of project implementation; description of level of service offered by child care providers; cost-effectiveness; assessment of voucher as an efficient delivery system; corporate outreach; and recommendations. Extensive tables are also provided. (DST)

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VOUCHER SUBSIDIZED CHILD CARE:

THE HUDSON COUNTY PROJECT

PREPARED BY:

BARBARA CATTERALL
AND
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THE HUDSON COUNTY PROJECT

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SEPTEMBER 1985

Executive Summary

A. Introduction

From October, 1982 through September, 1984, the New Jersey Department of Human Services, Division of Youth and Family Services (DYFS) piloted a research and demonstration project in Hudson County funded by the U.S. Department of Health and Human Services to test the outcome of using vouchers to finance the public provision of child care (Grant #90PD 86512-0). The testing of vouchers was prompted by:

1) a reduction in the level of state and federal funding prior to the grant period;
2) a philosophical shift from the traditional attitude of some public agencies that they know what is best for their clients to one that emphasizes client-involved informed choice;
3) an increased demand for child care resulting in long waiting lists at publicly subsidized child care centers while vacancies existed in private centers in Hudson County, the demonstration site; and
4) an emphasis on providing supportive and preventive services to help economically dependent families become self-sufficient.

The project goals were to:

1) Increase the number and availability of day care services to target families;
2) Increase the level of involvement of the recipient of child care services in choosing among child care options; and

3) Provide quality child care services at an overall cost to the State that is lower than current contract rates for State-subsidized child care centers.

Because of the historical funding patterns which tied day care subsidies to particular localities, eligible residents of nine of the twelve communities in Hudson County had no access to child care subsidy prior to the inception of the Voucher Day Care Project. DYFS purchases 454 slots of child care through the use of Social Service Block Grant contracts with 5 private providers. DYFS also provides child care itself, operating 6 State-staffed centers serving 448 children. These centers are located in Jersey City, Hoboken and Bayonne. While all eleven State-operated or subsidized centers under contract to the Division reported waiting lists for services, a 1982 study by the DYFS Bureau of Research found a 17% vacancy rate in a Statewide sample of private, licensed child care centers.

Through a voucher project, the vacancies throughout Hudson County could be made available for the first time to eligible consumers. Vouchers were pegged at 75 percent of the State's prevailing contract rates for child care. The prevailing rates were reduced to: $37.50/child-week for pre-school center care, $16.90/child-week for family day care.

All three of these project goals were achieved: children from 9 of Hudson County's 12 communities received access to subsidized child care for the first time through the voucher program. In total, 198 children received service at 31 licensed private centers and 27 family day care homes; parents were fully involved in the selection of child care for their children. Fifty-nine percent of the centers and 100% of the day care homes were recruited by the consumers; and vouchers were a cost-effective strategy for provision of child care. The vouchers were pegged at 75% of the State-contracted rate. Even including an averaged administrative overhead cost rate, the total cost of the voucher project was less than the cost of center-based child care provided under Social Service Block Grant contract or care provided by State-operated centers.

B. Methodology

The four-part evaluation measured and described:

1) the individual consumption decisions made by the recipients of child care vouchers;
2) the basis for these service choices;
3) the adequacy of the administrative and procedural safeguards of the voucher demonstration; and
4) the project's operation.

Operational procedures were documented to facilitate replication and/or expansion within New Jersey and at other sites.

C. Summary of Findings

Vouchers Proved a Satisfactory Service Delivery System for Subsidized Day Care

- All participating providers surveyed were enthusiastic about the project and planned to continue involvement should it be refunded.

- All participating providers reported that they received their voucher checks within 3 1/2 weeks of submitting their bi-weekly voucher bill to the agency.

- No providers or consumers left the project because voucher checks were delayed.

- Seventy-six percent of participating center providers stated that the voucher reimbursement rate was adequate (only 10% stated that it was too high).

- Participating providers stated that the paperwork involved with project participation was acceptable but that they would like to see the voucher invoice document re-designed with a tear-off copy for their records.

- Most participating providers (90%) preferred a change from a bi-weekly to a monthly billing cycle.

- Most participating providers (90%) mentioned that they appreciated having a specific contact person on the project staff who could help resolve problems.

- Seventy-nine percent of the participating center providers and all of the participating family day care providers reported no problems in collecting any fees due to them from participating parents.

Through the Voucher Project, Parents Were Enabled to Become Informed Consumers of Child Care

- All parents participated in the project's educational and information and referral components by viewing two filmstrips on day care selection; receiving a U.S. Department of Health and Human Services' pamphlet on choosing quality child care; and having access to a DYFS-issued listing of licensed private centers.

- Ninety-three percent of the parents surveyed stated that the project should continue the filmstrips as part of its educational component because they were very informative.

- Eighty-nine percent of parents surveyed reported that they toured their chosen child care arrangement prior to placing their children.

- Forty-four percent of parents reported "comparison shopping" by touring other child care arrangements.

- In the Voucher Project, the subsidy is tied to the consumer and not to the provider; therefore, parents can change child care arrangements without losing the subsidy. Fourteen percent of the participating families changed arrangements, prompted mainly due to the fact that either they or the providers re-located their residences.

- Ninety-five percent of parents stated that they would recommend (and most said that they had recommended) their chosen day care arrangement to friends.

- Most importantly, parents reported that 99% of the children liked their day care arrangements.

The Voucher Project Increased Parental Access to Child Care

- Children from all of the 12 communities in Hudson County received day care through voucher subsidy.

- Residents of 9 of Hudson County's 12 municipalities had access to subsidized child care for the first time through the Voucher Project.

- In total, 198 children from 171 families received child care through voucher subsidy at 31 licensed private centers, one Social Services Block Grant center (non-contract slots) and 27 family day care homes. Fifty-nine percent of the centers and 100% of the day care homes were recruited by the participating consumers.

- Sixty-five percent of the participating private child care centers were first-time recipients of a State subsidy.

- Four of the participating centers were located in neighboring Bergen County. An important flexibility of the program allowed eligible Hudson County residents to choose any convenient child care center or home (in another county or state) as long as it was State licensed.

- For the first time, SSBG-eligible families could receive subsidy for family day care.

- Twenty-nine percent of participating families reported prior job loss due to child care problems.

- Seventy-three percent of the families who made a new child care arrangement upon entering the voucher project reported getting their first choice of child care.

- Seventy-nine percent of the families surveyed reported that they were unaware of the existence of other day care subsidy programs.

- Ninety-six percent of the families surveyed stated that they felt that they were treated the same as were families paying the full cost of child care.

- Parents could also receive voucher subsidy for day care provided to their children by a relative (38% of the children in family day care were cared for by relatives).

Vouchers Were a Cost-Effective Method of Providing Child Care Subsidy

- Vouchers, which were pegged at 25% less than the State contracted rate for child care, amounted to $37.50/ child-week (maximum pre-school center voucher rate); $52.50/child-week (maximum infant center voucher rate); $16.90/child-week (maximum family day care voucher rate.)

- Including an averaged administrative cost rate of $12.43 per child-week, the *total* cost of child care in the voucher project was less than the cost of either contracted child care or care provided by the State-operated centers.

D. Conclusions

1. Due to the overwhelmingly positive response of providers and parents alike to the Voucher Project, continuation of the program in Hudson County with State funds was recommended. New Jersey has funded the project since late July 1984 so that there was no interruption in voucher subsidy for existing eligible consumers.

2. It was also recommended that the voucher program be expanded to other counties in the Northern Region of the State whose composition is more suburban, as a further test of the model. This recommendation is presently being considered by agency management.

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CHAPTER I: INTRODUCTION

From October 1982 through September 1984, the New Jersey Department of Human Services, Division of Youth and Family Services, (DYFS) piloted a research and demonstration project in Hudson County funded by the U.S. Department of Health and Human Services to test the outcome of using vouchers to finance the public provision of child care (Grant # 90PD 86512-0). The State's interest in using vouchers as an alternative method of child care funding was prompted by various factors, not necessarily unique to New Jersey, including the following:

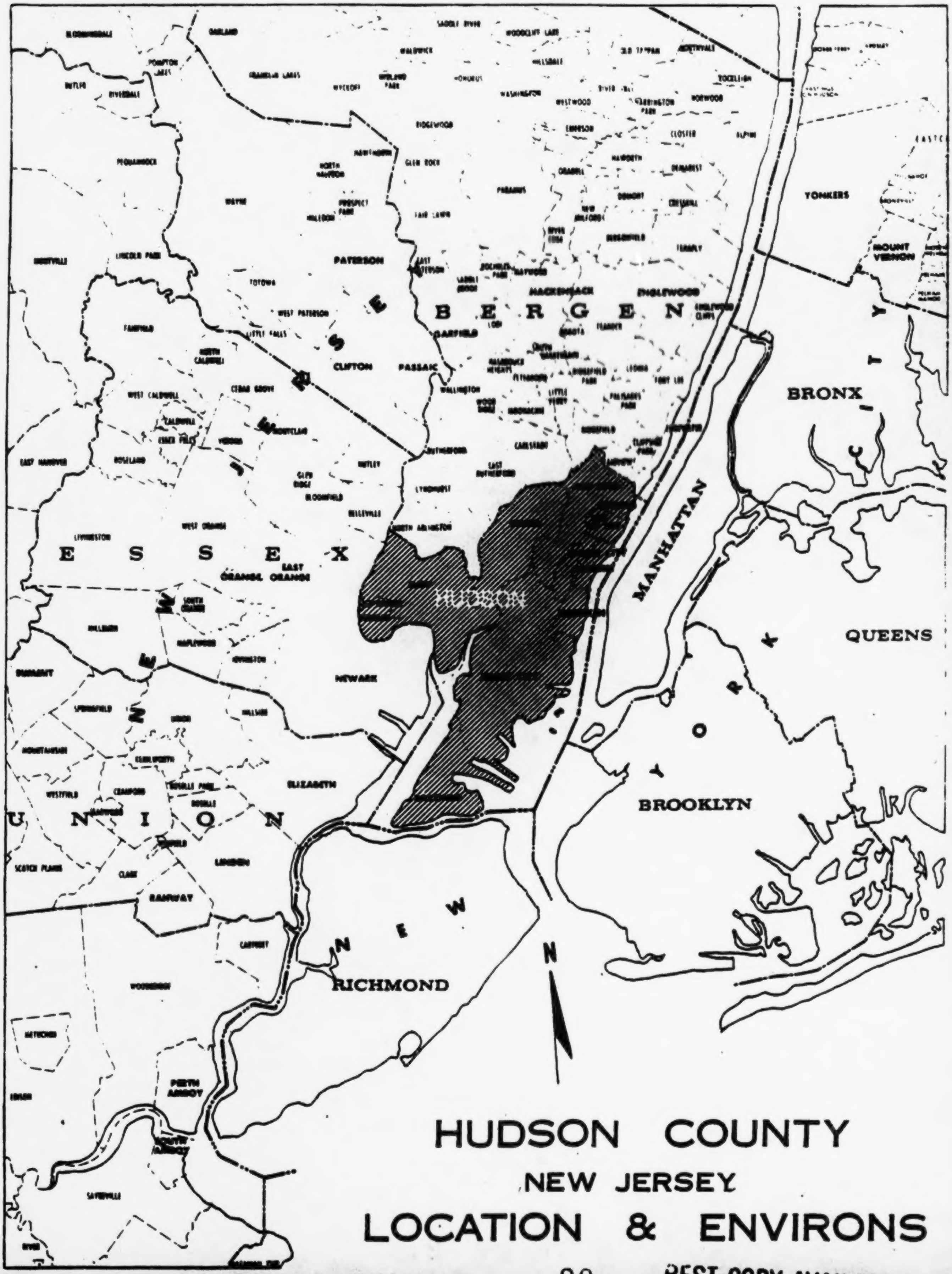
- o a reduction in the level of State and Federal funding available for child care services;
- o a philosophical shift from away from the traditional paternalistic attitude that public agencies know what is best for their clients to one that emphasizes informed potential choice;
- o an increasing demand for day care services resulting in long waiting lists at publicly subsidized centers while a 17% vacancy rate exists in private centers statewide; and
- o an increased emphasis on providing supportive and preventive services to help economically dependent families become self-sufficient.

Unlike Minnesota and Maryland who view vouchers as a replacement for traditional methods of day care funding, the Hudson County Voucher Day Care Project in New Jersey served as an additional source of child care subsidy available to eligible parents along with State-operated centers, Social Service Block Grant (S.S.B.G.)-funded (formerly Title XX) centers, and limited subsidies available through the Hudson County Welfare Agency.

A. DESCRIPTION OF HUDSON COUNTY: SITE OF HUDSON COUNTY VOUCHER DAY CARE PROJECT

Hudson County was selected as the site of the Voucher Day Care Project because DYFS administrators there saw vouchers as a cost-containing and innovative way of providing needed additional subsidized child care resources. Administrators there also had demonstrated prior expertise in actualizing Federal research and demonstration projects.

This county is one of five in Northern New Jersey considered part of the New York City Metropolitan Area. Hudson County is the smallest, most urban, most industrialized, and most densely populated of New Jersey's 21 counties. It is also one of the State's poorest counties. Hudson counties median family income (as reported in the 1980 census) was $17,659 in contrast to the State's median income of $22,906 (See Table 1).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LOCATION & ENVIRONS

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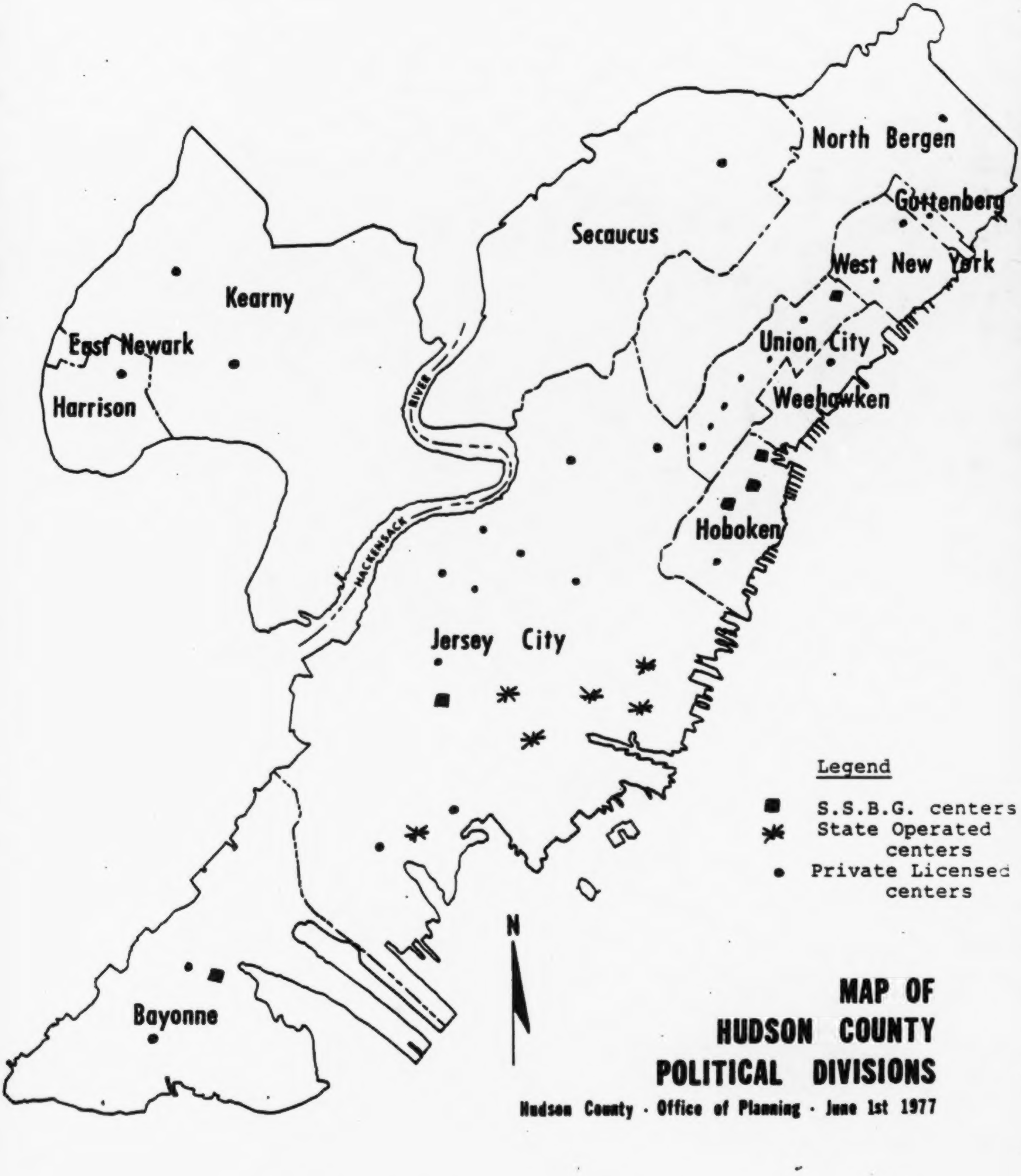
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N
Legend
■ S.S.B.G. centers
✱ State Operated centers
● Private Licensed centers

MAP OF HUDSON COUNTY POLITICAL DIVISIONS

Hudson County · Office of Planning · June 1st 1977

Hudson County continues to be one of the nation's most ethnically diverse areas. The first immigrants were European--from Germany, Ireland, Poland and Italy. Blacks from the rural south entered the county in large numbers after World War II, drawn to the area by plentiful manufacturing jobs. During the 1950's and early 1960's Cubans and Puerto Ricans settled in the county. In fact, today, the northern part of the county contains one of the largest Cuban communities outside of Miami, Florida. Recent years have seen an influx of Indians, Egyptians, Asians, Greeks, Iranians, and South Americans. The 1980 population of Hudson County was 556,972, 76% of whom were white and 24% non-white.

Jersey City is the largest of the County's 12 municipalities with 40% of the entire County's population. East Newark is the smallest community with just 1,923 residents (See Table 1).

The garment industry in the County is one of the nation's largest, providing seasonal employment in small factories. In addition to the apparel industry, heavy manufacturing and petroleum are the backbone of traditional industries. New jobs are concentrated in non-labor intensive industries such as warehouse and service industries. The County includes three four-year colleges, one community college and several training schools.

TABLE 1

Location of Hudson County Subsidized Day Care Services

Municipality	% of County Population	**Median Family Income	% of Voucher Day Care Particip.	% of DYFS Day Care Slots	% of Title XX Day Care Slots
Jersey City	43%	$16,108	60%	100%	13%
Hoboken	7%	$13,650	10%	0%	66%
Bayonne	12%	$21,072	.5%	0%	21%
North Bergen	8%	$20,514	6%	0%	0%
Union City*	9%	$14,854	11%	0%	0%
West New York	7%	$16,151	9%	0%	0%
Guttenberg	1%	$20,694	1%	0%	0%
Weehawken	2%	$19,739	1%	0%	0%
Kearny	6%	$21,622	6%	0%	0%
Harrison	2%	$20,560	1%	0%	0%
East Newark	1%	$18,990	.5%	0%	0%
Secaucus	2%	$26,844	3%	0%	0%
Totals	100%		100%	100%	100%

* Union City opened a Title XX center for its residents in 4/84. While this program services 122 children, it had no impact upon the Voucher Project.

**The Median Family Income for New Jersey according to the 1980 census was $22,906. Eighty percent of this amount would be $18,324.80. The Median Income for Hudson County is $17,659.

B. PROFILE OF CHILD CARE RESOURCES IN HUDSON COUNTY PRIOR TO THE HUDSON COUNTY VOUCHER DAY CARE PROJECT

The State of New Jersey's Department of Human Services, Division of Youth and Family Services is the largest consumer of child care in the State. In Hudson County, specifically, it purchases 454 slots of child care through large scale Social Services Block Grant (S.S.B.G.) contracts with 5 private providers. DYFS is also a provider of child care itself - operating 6 State-staffed centers in Hudson County, servicing 448 children. Additional State dollars are used to purchase family day care and individual slots in private centers for agency-supervised clients (protective services cases and WIN clients) through client by client vendor agreements. The Hudson County Welfare Agency also operates a small child care reimbursement program for certain AFDC clients who are high school graduates and attending college or approved school programs full time. Unfortunately, not all of Hudson County's eligible population has equal access to this subsidized child care (See Table 1). The slots had been clustered in just 3 communities (Jersey City, Hoboken and Bayonne) until April, 1984 when a sixth S.S.B.G. center became operational in a fourth community, Union City. These subsidized centers do not provide transportation to community children and have small catchment areas. Because of the historical funding patterns which tied day care subsidies to these particular localities, eligible residents of 9 of the 12 communities had no access to child care subsidy prior to the inception of the voucher day care project.

Hudson County also has a sizable number of private licensed child care centers. This number is not static since new centers open and other centers sometimes increase their capacity by moving to new facilities. As of April 1982, project staff estimated that there were approximately 1600 slots available in 40 child care centers located in 11 communities in the County.

The Voucher Project was an innovative attempt to involve the private child care community in a partnership with the State in helping eligible Title XX families meet their day care needs. In the voucher project, eligible families interested in a child care center for their children were able to choose from among 51 centers, not just 11. For the first time private day care center resources in Hudson County were available to Title XX eligibles.

CHAPTER II: METHODOLOGY

The evaluation of the Hudson County Voucher Day Care Project was designed to assess whether the project could meet two major objectives:

1. increasing the number and availability of day care resources for target families; and
2. increasing the level of involvement of the recipient of child care services in choosing among various child care options.

The voucher day care grant proposal called for a 4-part evaluation plan to measure and describe:

1. the individual consumption decisions made by the recipients of child care vouchers;
2. the basis for these service choices;
3. the adequacy of the administrative and procedural safeguards of the voucher demonstration; and
4. the project's operation.

Operational procedures were documented to facilitate replication and/or expansion within New Jersey and at other sites.

The voucher project was staffed by 3 grant-funded personnel: a project director; an evaluator and a voucher intake worker.

Efforts were made to insure that the research design and data collection were non-intrusive to project participants and to the over-all start-up and functioning of the voucher project.

Research forms were designed to serve a dual function: To provide the basic client information needed for project operations and also the data needed to answer the above evaluation questions.

One of the three grant-funded project staff completed a "screening application" form for each one of the 603 families who expressed an interest in the project. This brief data collection instrument, containing 22 questions, assessed preliminary eligibility for the project. Information such as community of residence, age of child, income and service eligibility, and source of knowledge about the project was collected.

An application questionnaire was also completed on the 268 families who were deemed eligible for the project. These families completed the in-office application interview and the educational/information and referral component. This instrument contained some 40 questions pertaining to basic demographic information, prior experience with child care and prior child care related problems. It also recorded the stated basis for the family's initial choice of a day care arrangement and how the family rated seven factors (location of the facility, hours, cost of care, etc.) as affecting that choice. These application interviews were completed by all three grant-funded project staff. This interview was designed to take no more than one-half hour to complete.

Project staff had expected that all of the families who completed the application and educational components of the project and were given a three-party voucher agreement to take to the provider of their choice would eventually receive voucher subsidy for day care. Interestingly, 97 families (over one-third of all those interviewed) never returned the agreement and thus never actually participated in the program. The project evaluator was able to follow-up by telephone or letter with 79% of these families to determine why they had chosen not to accept the voucher subsidy. Application data on these families was analyzed to determine if they were in any way different from the families who went on to participate by having their children receive child care through voucher subsidy.

The follow-up interview with participants was completed by telephone (mainly during March through May, 1984) to insure as high a completion rate as possible. One hundred and fifty one (88%) of the families who actually participated were surveyed. This questionnaire was designed to capture as much information as possible about the family's experience with the project and their child care center. The interview lasted no more than 10 minutes, since families were interviewed on the job.

Parents were asked to evaluate the project: the billing system; the educational component; whether they felt they were treated by their child care provider in the same way as if they were paying the full cost themselves; the benefits realized; and whether they were aware of other child care subsidy programs. Consumers were also asked to evaluate their child care providers along certain guidelines mentioned in the educational component: discipline; safety; learning activities, etc.

The follow-up interview with center and family day care providers was completed in person. It was designed to yield information about providers' experiences with the voucher project, the consumers and the billing system, and also some basic information about what "level of service" their programs were providing to parents and children. Project staff together with an oversight committee decided that this interview would be less threatening in person than by telephone. By design, staff of two centers were not interviewed: one paricipated for just one week, while the other was a summer day camp component of a day care program. Therefore, 93.5% of the participating private centers, 100% of the S.S.B.G. centers and 100% of the State operated centers were surveyed. Staff were somewhat less successful in reaching all of the family day care providers because by Marcy, 1984, several were no longer participating and it was difficult to contact them. Thirteen families (48% of the total) were surveyed. The provider survey instrument asked 32 questions dealing with a broad range of issues potentially related to the cost of operating child care centers and to the quality of services, including child enrollment and capacity figures; to what extent social services were offered to children and families; and whether transportation to and from the centers was provided.

As each family either left the project or changed their child's day care arrangement, the reason for the change or termination was recorded by the evaluator.

Additional information about the day-to-day functioning of the project was based upon personal observations over the 18-month course of the project and discussions with the other project staff.

One potential limitation on the data is the evaluator's possible bias due to such close association with a small demonstration project. She served as a member of the project's oversight committee and was aware of day-to-day problems and their solutions. On the other hand, this close association provided her with an in-depth knowledge and understanding of the evolution of the voucher concept and its actualization in Hudson County.

CHAPTER III: SUMMARY of PROJECT OPERATIONS

A. Eligibility Requirements

Prior to proceeding to the evaluation, it is important to understand specifically who was eligible for voucher services, and how the program worked. One of the pre-eminent goals of the Voucher Day Care Project was to increase the use of day care by those not likely to purchase it on their own and toration the benefit to those collectively defined as being in greatest need and therefore likely to reap the greatest benefit. The voucher project's service eligibility guidelines were consistent with admissions criteria established through DYFS policy in 1980, which govern admission to the existing subsidized program--Social Service Block Grant funded centers and state operated centers.

Families were initially screened to determine generally if they met the following criteria:

1. **Income**

   The family's total gross income had to fall within the established eligibility limits defined in New Jersey's approved Title XX State plan. They could not earn more than 80% of the State of New Jersey's median income. The income guidelines used were as follows:

Gross family income per year could not exceed:

$13,404 for a family of 2;

$16,558 for a family of 3;

$19,712 for a family of 4;

$22,865 for a family of 5;

$26,020 for a family of 6; or

$26,611 for a family of 7.

Exemptions to the income criteria were made in limited circumstances when a child protective services need was documented and the child care was specified as part of the agency's treatment plan.

2. Residence:

Participants were required to reside in one of Hudson County's 12 municipalities.

3. Service Need

The family was required to demonstrate a level and a type of need for the day care service that was consistent with admissions criteria established through DYFS policy. The day care admissions priorities established in 1980 (N.J. Division of Youth and Family Services Policy Manual; Day Care Admissions Priorities, 1980), included:

a. Children identified as abused or neglected;

b. Children with special needs who require day care;

c. Children from families where day care is necessary to prevent placement;

d. Children from families where parents work or attends school full time;

e. Children from families where parents work or attends school part time; and

f. Children from Title XX eligible families who need day care but do not fall within the above priorities.

In practice, however, due to the heavy demand for such services, families in which the parent(s) are not working or attending school and/or training full time are generally excluded. Priority is given to abused/neglected children, children with other special needs, and children of parents who work or attend school full time. New Jersey is committed to rationing this service to those collectively defined as being in greatest need.

4. Age of Child

Children for whom applications were accepted had to be younger than kindergarten age. The Voucher Project provided only full-time child care for children who were too young to enter publickindergarten. The scope of this particular demonstration project excluded before and after kindergarten care and after-school care for latch-key children.

At the time of the personal application interview, parents were required to show some proof that they resided in Hudson County (i.e. driver's license, rent receipt, gas and electric or telephone bill). They were required to bring in two of their most recent pay stubs to verify that they met the income criteria. The pay stubs also served as proof that the parent was employed full-time (a minimum of 30 hours per week). If the parent was a student, a letter from the school indicating that the applicant was attending full time (minimum of 12 credits) was required. Unemployed parents who had obtained a written promise of employment were eligible for participation.

Vouchers are defined differently by different states. In the Hudson County Voucher Day Care Project design, vouchers were defined as a guarantee of payment intended to cover part of the cost of child care. Vouchers were pegged at 75% of the State contracted rate for child care. (See Table 2). This cost containment aspect was consistent with the agency's general day care policy which imposes client fees for services in all subsidized centers.

At the time the project was conceptualized, planners fully anticipated that parents would supplement the voucher with some out-of-pocket cash payment of their own. The amount of that cash payment would vary depending upon the tuition charged by the day care arrangement chosen.

Table 2

Maximum Weekly Voucher Rates vs. Contracted Rates effective 2/83 (per child).		
pre-school center	$37.50	$50.00
infant center	$52.50	$70.00
family day care	$16.90	$22.50*

*As of 11/83, the agency contracted rate for family day care was increased to $1.00 per hour. The voucher rate was not changed.

B. Innovative Options Offered to Consumers and Providers

Several important options were built into the voucher concept as implemented in Hudson County.

1) **Parents could use the voucher at a variety of settings:**

   - For the first time, Title XX eligible families could receive subsidy for family day care. The project had the capacity to "approve" family day care homes. In order for a family day care provider, or "babysitter" to become "approved," the project social worker had to make one home visit to ensure that the home met minimum standards; the child and the provider had to also obtain physical examinations. The Voucher Project could reimburse up to $25.00 for the cost of the provider's physical examination.
   - Relatives could also be used as family day care providers as long as they satisfied State (i.e., DYFS) standards.
   - Vouchers could be used at *any* licensed day care center in Hudson County, including those that did not have vendor (i.e., pre-existing contractual) agreements with the Division.
   - Vouchers could also be used at any *licensed* day care facility in a neighboring county or state.

2. The Project Had The Flexibility To Reimburse Parents OR Providers

As initially conceptualized, the project would reimburse providers for child care. Several eligible parents approached project staff with the fact that they wanted to continue or start their child in a day care program in which the director was reluctant or unable to wait for State voucher reimbursement. With agreement from the Oversight Committee, an additional flexibiity was added to the program: the possibility of reimbursing parents directly for child care costs. In this situation, the provider must agree to sign the voucher agreement and submit bi-weekly attendance sheets to the agency. Twelve per-cent (14) of the providers preferred this system of reimbursement.

3. Consumers Could Change Providers Without Losing Voucher Subsidy

An important flexibility built into the voucher concept was the ability of families to change from one day care provider to another or from one mode of child care to another without losing the voucher subsidy. The voucher subsidy was tied to the consumer and not to the provider, as in the more traditional forms of subsidy. This flexibility was related to the voucher project's view of the parent as an informed "consumer" of the service. A consumer always has the right to choose a different product if he decides that the one initially chosen no longer meets his needs.

4. Parents Themselves Could Recruit Providers By Approaching Any Licensed Provider With a Voucher Agreement

Agency staff initially viewed it as their sole responsibility to recruit private providers to participate in the voucher program. To this end, a meeting was held in January 1983 to introduce the voucher concept to Title XX and State-operated day care center staff, and also to those private child care center providers who attended the meeting. Private center directors were asked to sign a "vendor agreement" form by which they would agree to accept voucher participants. Few private center directors returned this form to the agency. While Title XX and State-operated center directors did sign the form and agreed to participate, it did not increase resources for participants since few had available community (i.e., non-contracted) slots.

From talking with providers who did not return the vendor agreement, it was learned that they felt that this form represented a contract between them and the State requiring them to open their fiscal books to DYFS and also to accept any children referred.

C. Consumer Education/Information and Referral Component

An important goal of the Voucher Day Care Project was to enable "recipients" of publicly subsidized child care to become informed "consumers" of the service. This demonstration project shifted the focus of service choice and resource development to the consumer, a choice which does not exist under the current large scale Social Services Block Grant contract system. The day care provided hopefully was more responsive to the individual needs of eligible families offering a variety of settings, not just center-based care. For example, under the existing system of child care subsidy, eligible residents of Jersey City, the largest and one of the neediest communities in Hudson County, had no access to care for infants because the six State-operated centers and one S.S.B.G. center do not accept infants. Through the Voucher Project for the first time, eligible families could receive subsidy towards the cost of cariers for their infant through family day care provided by a friend or even a relative, if this is what best meets their needs. The subsidy is tied to the family and not the provider. Parents could also choose private, center-based infant care.

In order to provide families with the information needed to become informed consumers of child care, an integral part of the project application process was the educational, information and referral component. This component began during the application interview when every parent was asked:

"It's a big decision choosing a day care plan for your child. What do you look for when you're looking for day care?"

Parents generally mentioned that they look for a "dependable person," "a place where the child can learn skills to prepare him for kindergarten," "a clean place," etc.

Parents were then shown seven cards which included seven important factors that parents generally consider when choosing a child care plan. The particular factors chosen were selected by the project's Oversight Committee, made up of local providers of child care and DYFS staff.

The seven factors listed alphabetically were as follows:

- Activities provided
- Appearance of center/home
- Cost of service
- Hours
- Location of center/home
- Personality of caregivers
- Safety

Parents were asked to rank these factors. They were assured that there were no right or wrong answers, and that different factors were important to different families depending upon their own unique circumstances. Project staff had anticipated that cost would be the most important factor for most families since they were applying for day care subsidy to help them with cost. What was found was somewhat surprising:

The cost of care was most often ranked last (perhaps because the impending participation in the Voucher Project assured that child care would be affordable). Safety was ranked first and personality of the care-giver, second (see Table 3 below).

TABLE 3

Consumer Ranking of Factors Influencing Choice of Child Care Arrangements

Rank	Factor	Mean Rank
1	Safety	2.3
2	Personality of care giver	3.3
3	Location	4.0
4	Activities Provided	4.2
5	Hours that center/family will keep	4.4
6	Appearance of center/home	4.7
7	Cost of care	5.0

After parents were encouraged to start thinking about reasons for choice of mode of child care, they were shown two short film strips on day care selection from the 6-part series "Helping Parents with Decision Making in Child Care" from Pacific Oaks College in California. Due to the difficulty in scheduling groups of parents for interviews, most parents viewed the film strips alone. The two most frequently viewed strips were "Talk About It" which encouraged parents to discuss candidly with their potential caregiver such important topics as fees, late charges, policies on payment when the child is absent due to illness,etc. The second film strip "The Right Ingredients" described the various components of a good child care program such as a caring staff; the opportunity to play outdoors, etc. The film strips are in English and Spanish which make them acessible to most parents. Parents were then given a copy of Parents' Checklist for Day Care, a U.S. Department of Health and Human Services pamphlet, and also a small manual of project rules and regulations. Project staff also offered parents a listing of the licensed private child care providers in Hudson County. This entire educational, information and referral and intake process was designed to last approximately one hour or less, in keeping with the busy schedules of working parents.

D. Fiscal Safeguards

The Division of Youth and Family Services took a conservative viewpoint towards safeguarding the fiscal integrity of the Voucher Project. Most of the safeguards built into the project surrounded the payment system, making the voucher processing a bit cumbersome and labor intensive. The voucher document was actually an all-purpose State invoice (form #50/54) which is used throughout New Jersey State government for reimbursement of a variety of expenses. A separate voucher invoice and 2 attendance sheets were mailed bi-weekly to parents for each individual child in the project. Project staff therefore processed approximately 280 separate voucher packets each month. A provider with five children in the project would complete 10 vouchers and 10 attendance sheets each month. The voucher document, a 3 page carbonized form, was pre-numbered and coded. Each participating child was technically on his own bi-weekly billing cycle, starting on the Monday that he entered the program. For example, one child would bill from 2/2 - 2/13; and another from 2/9 - 20. These cycles were tracked on a log on the back of each child's master card to insure that there were no over-lapping billing cycles resulting in overpayments.

Unfortunately the three page carbonized voucher invoice did not contain a tear-off page for the records of providers or local project staff, necessitating photo copying. All voucher checks were processed and mailed out of the agency's central fiscal wing in Trenton, not locally in Jersey City. Therefore, the original voucher and copy of the attendance sheet had to be sent to Trenton bi-weekly by interoffice mail. Nevertheless, the billing cycle proved quite efficient and providers reported receiving their checks within three and one-half weeks after sending the paperwork to the project.

Project staff monitored attendance on a bi-weekly basis by requiring that both parents and providers submit separate bi-weekly attendance sheets. These were matched to make sure that they agreed before the voucher was signed and processed. The project agreement defined excessive absenteeism as five or more unexplained absences in one month. Patterns of absences were monitored and parents were contacted about excessive absenteeism (This led to two terminations from the project).

The project evaluator examined closely the attendance of project participants during September, 1983 and March, 1984 - two months that were randomly selected. The level of service provided was 93% and 91% respectively, more than adequately meeting the 87% level of service required of all State-subsidized child care programs.

CHAPTER IV: SUMMARY OF PROJECT IMPLEMENTATION

A. Recruitment

The population initially targeted for participation in the Voucher Day Care Project were the Title XX eligible families with pre-school children on the waiting lists for the existing subsidized day care slots in the County. The actual focus of the project outreach changed somewhat for two reasons:

(1) Due to a major agency-wide re-organization, project staff were not hired until February, 1983, instead of October, 1982, as had been projected in the timetable submitted with the initial proposal.

Due to this delay, the recruitment of eligible families was delayed until April, 1983, instead of January 1983. This delay caused the voucher project intake to coincide somewhat with the recruitment efforts of the S.S.B.G. and State-operated centers to fill their own anticipated summer vacancies with the families on their waiting lists.

(2) In familiarizing themselves with the realities of the availability of subsidized day care in Hudson County, project staff learned that as of 2/2/83, residents of

> only three of the 12 municipalities in the County had any access to existing child care subsidies. The 11 existing subsidized day care programs were located in just three communities. Therefore residents of nine communities had no access to even being wait-listed for subsidized slots. Project staff decided therefore that to restrict initial entry into the voucher system to residents from only three communities in the County (and to exclude residents from the northern and western sections of the County) would not further the expressed goal of the project: to increase the use of day care by those not likely to purchase it on their own, and to expand the number of eligble recipients of public day care through a redistribution of day care funds through vouchers. It would instead continue to reinforce this disparity in access to subsidized child care resources.

Project staff, therefore, recruited eligible families by means of newspaper advertisements and flyers posted throughout the County, particularly in the nothern and western sectons. Response was enthusiastic. Between April, 1983 and February, 1984, initial screening applications were taken from 603 families in total from every one of the 12 municipalities in Hudson County. One hundred sixty one of these families (27%) had no access to subsidized child care prior to the Voucher Project (see Table 4 below).

Table 4

Residency of Applicants

Municipality	Families Completed Screening Only	Families Completed Screening & Application Only	Families Actually Participated	Total
Bayonne	19 (06%)	2 (02%)	1 (01%)	22 (03%)
Guttenberg	7 (02%)	0 (0%)	2 (01%)	9 (02%)
Hoboken	10 (03%)	6 (06%)	3 (02%)	19 (03%)
Jersey City	225 (68%)	74 (77%)	102 (60%)	401 (66%)
Kearny	7 (02%)	1 (01%)	9 (05%)	17 (03%)
North Bergen	17 (05%)	4 (04%)	9 (05%)	30 (05%)
Secaucus	5 (01%)	0 (0%)	5 (03%)	10 (02%)
Union City	30 (09%)	7 (07%)	18 (10%)	55 (09%)
Weehawken	8 (02%)	1 (01%)	1 (01%)	10 (10%)
West New York	7 (02%)	2 (02%)	16 (09%)	25 (04%)
East Newark	0 (0%)	0 (0%)	1 (01%)	1 (03%)
Harrison	0 (0%)	0 (0%)	4 (02%)	4 (07%)
	335 (100%) Families	97 (100%) Families	171 (100%) Families	604 (100%) Families

Of the 603 families who applied to the program and for whom "screening" applications were taken, only 268 families (44%) actually went on to complete the personal application process, including the educational component. What happened to the 335 families (56%) who were not offered vouchers? Project staff had anticipated that some families would decline to participate at the point of screening either because: 1) the amount of the voucher was too low; 2) they found participating with the DYFS stigmatizing because DYFS also serves as a protective services agency; or 3) they did not want to be part of a research study. This did not happen.

Only 40 of these families (12% of those screened out) were actually ineligible for the service because 1) they had incomes exceeding the eligibility limit, 2) they did not live in Hudson County, or 3) had children who were no longer pre-schoolers. The most frequent reason for not offering families a voucher application interview was that their social service priority was not high enough (Chapter III, Section A). In 152 families (45% of those screened out), the parent or parents were not working or attending school full-time. An additional 67 families (20% of those screened out), were already in a subsidized program (S.S.B.G. or State-operated) and did not want to change their child to a private center but rather were requesting voucher help to pay for the Title XX weekly fee of $2 to $18 per week; or were eligible for the child care assistance program administered by the County Welfare Agency. Project staff were unable to contact 75 families (22% of those screened out) for a personal interview, or the family did not keep their scheduled interview appointment (see Table 5 below).

Table 5

Families Rejected at Screening with Reasons for Rejection	
Reason for Rejection	Number of Families
Ineligible (non-resident; over-income; child too old)	40 (12%)
Social Service Priority too low: (parent(s) not working or attending school/training full time)	153 (46%)
Receiving child care subsidy or eligible for Welfare subsidy	67 (20%)
Unable to contact family by letter or telephone for interview; did not keep appointment	75 (22%)
TOTAL	335 (100%)

In-office application interviews were completed for 268 families, all of whom also viewed the films on day care selection and were given three-party voucher agreements to take to the child care provider of their choice. Ninety-seven of these families (over one-third of the total) never returned the signed agreement to the office and therefore never actually accepted the voucher subsidy for child care.

As can be seen from the Tables 6, 7 and 8, there were statistically significant differences between those 97 families who dropped out of the project after completing the application/educational process and those 171 families who went on to receive voucher subsidy for child care, in the following areas:

1) Child Care Arrangement at the Time of Application

Families who actually received voucher subsidy were more likely to have their child in a day care center at the time of application and those who dropped out were more likely to have had their child care provided by a relative (Table 6).

Table 6

Child Care Arrangement of Families at Application

Type of Arrangement	Families who Completed Application Only		Families who Received Voucher Voucher Subsidy		Total	
Day Care Center	26	(27%)	76	(45%)	102	(38)
Relative	39	(40%)	36	(21%)	75	(38%)
Friend	26	(27%)	36	(21%)	62	(23%)
No Current Child Arrangement	6	(06%)	21	(13%)	27	(10%)
Totals	97	(100%)	169*	(100%)	266	(100%)
			*2 missing		P = 0.001	

2) Prior Experience with Child Care

Families who went on to receive voucher subsidy reported more extensive prior experience with day care (Table 7).

Table 7

Prior Experience with Child Care Reported by Families at Time of Application		
Prior Day Care Experience	Application Only	Serviced
Yes	52 (54%)	114 (67%)
No	45 (46%)	57 (33%)
Total	97 (100%)	171 (100%)

X = 3.94
P = 0.047

3) Source of Knowledge About the Voucher Day Care Project

Families who actually received voucher subsidy for child care were more likely to have learned about the project from an agency or day care center than were families who dropped out at the time of application (Table 8).

Table 8

Source of Knowledge About the Voucher Project

Source	Families who Completed Screning Only		Families who Completed Screening & Application		Families who Received Voucher Subsidy		Totals	
	#	%	#	%	#	%	#	%
Newspaper	241	(72%)	48	(49%)	84	(49%)	373	(62%)
Friend	42	(13%)	25	(26%)	26	(15%)	93	(15%)
Flyers	14	(04%)	3	(03%)	14	(08%)	31	(05%)
Agency Personnel (includes centers)	33	(10%)	18	(19%)	47	(27%)	98	(16%)
Other	4	(01)	3	(03%)	0	(0%)	7	(01%)
	334	(100%)	97	(100%)	171	(100%)	602	(100%)
	1 missing		X = 52.5 P = 0.0000					

Although the following were not statistically significant, it is interesting to note some other differences between those applicants who accepted the voucher subsidy and those who did not. The non-participants were slightly more likely to have reported their prior day care experience as positive. They were more likely to have their children on waiting lists for other subsidized programs. They were less likely at intake to have requested a specific day care center and more likely to have requested a specific day care mother.

Extensive attempts were made by telephone and letter in September, 1983 to follow up with all 97 families who did not return the voucher agreement to find out why, to offer assistance, and to analyze if these families were in any way different from those who completed the process and actually received voucher subsidy for their child's day care. The reasons offered by families contacted are presented in Table 9 which follows. It is interesting to note that eight of these 97 families contacted the agency during late summer of 1984 to re-activate their applications for the project after it was refunded with State funds.

Table 9

Reasons that Applicants did not Return Signed Voucher Agreements

Reason		
Family became ineligible after application (child became kindergarten age; income increased; moved out of county)	10	(10%)
Parent(s) were no longer employed/in school or training program	9	(09%)
Subsidized day care slot became available/ parent accepted it	7	(07%)
Child attended unlicensed center; parent did not want to change	9	(09%)
Day care mother or center did not want to participate; parent did not want to change	13	(14%)
Parent continued to express interest; never returned agreement	22	(23%)
Unable to contact/unknown	21	(22%)
Parent never completed physicals for child/family day care mother	6	(06%)
Total	97	(100%)

B. Child Care Arrangement Selection

The voucher or guarantee of payment was redeemable at any licensed day care center or approved family day care provider. The family was free to choose the provider which best met its needs, weighing such factors as cost, safety, location, activities provided, etc.

Consumerism was encouraged during the educational component since a goal of the project was to transfer the responsibility for selecting and monitoring the child care arrangement from the public agency to the family. Consumers were encouraged to tour several child care centers or family day care providers, to ask questions and to compare programs.

During the 14 month service demonstration (6/83-7/84), 198 children from 171 families received child care through voucher subsidy in 31 private child care centers; 1 S.S.B.G. center (non-funded slots); and 27 family day care homes. Four of the 31 private centers are located in neighboring Bergen County which is more suburban and affluent. This section documents the individual day care arrangements parents chose for their children and the factors that led them to make those decisions. It discusses changes in child care arrangements and the reasons and/or dissatisfactions that prompted those changes. Finally, it analyses case situations in which families left the project before the end of the service demonstration to determine dissatisfaction, problems, preferences for other forms of subsidy, etc. The initial grant design projected that a minimum of 220 children at any given time would receive child care through voucher subsidy.

It was hypothesized that at least 50% of the participants would select a family day care arrangement for their child at the lower cost voucher rate of $16.90/week. Surprisingly, only 15% of the consumers chose family day care. Several possible reasons for this include:

(1) The existence of 6 Hudson County center-based infant programs offering about 88 slots;

(2) The poor past experience many parents reported with family day care. Parents mentioned that their prior "babysitters" allowed their children to watch television all day and did not prepare proper meals. Also, parents mentioned that their day care mothers did not continue providing day care consistently for long periods of time;

(3) Parents apparently viewed the subsidy as an opportunity to upgrade existing family day care arrangements by moving their children to center-based programs;

(4) Many mentioned the educational and socializing benefits of centers in preparing children for kindergarten;

(5) Center-based child care was not as expensive as had been anticipated;

(6) Many parents mentioned that a center-based child care arrangement seemed safer because more parents and agency representatives were in and out of the center on a regular basis and would notice if something was not all right;

(7) Many parents mentioned that most of their responsible friends and relatives worked outside of the home themselves on a full time basis, and therefore, were not available to provide family day care; and

(8) It appeared to be simpler and quicker for families to receive voucher subsidy for center-based care than for family day care. In the former case, once the agreement was signed by the parent and provider, subsidy would begin. In the latter case, once the agreement was signed, the project social worker had to complete a home evaluation; and the child and family day care mother had to have physical examinations and TB tests in order to complete the family day care approval process.

As mentioned above, child care in Hudson County, in general, was less expensive than had been anticipated. The voucher maxima of $37.50/child-week for pre-school care, $52.50/child-week for infant center care, and $16.90/child-week for family day care was designed to cover only part of the cost of child care. From Tables 10, 11, and 12 which follow, one can see that while only 8% of the youngsters in family day care received free child care, one-third of the children in pre-school centers and 90% of the children in infant centers received free child care because the voucher rate covered the full cost of care. Children participating in the voucher project appear to be clustered in the lower cost centers. While the actual average cost of pre-school, center-based care for the 29 participating centers was $45.56/child-week, the average actual cost of pre-school care in the centers selected by voucher participants was only $40.75/ child-week.

Three possible reasons for this include:

(1) The bulk (60%) of participants were from Jersey City where the low cost centers are located;

(2) Three of the low-cost centers offered transportation to or from the center making these particularly accessible to parents; and

(3) Three of the low cost centers provided breakfast,lunch, and snack at no extra cost.

Only three percent of the children in pre-school centers were in programs charging more than $50 per child-week. Several possible reasons for the fact that few participants chose the three high cost centers include:

(1) Location: One center, in contiguous Bergen County, was inaccessible to parents who do not have a car. One center was located in Bayonne where less than one percent of the participants lived.

(2) Meals provided: Two of the three centers did not provide breakfast and lunch programs.

(3) Transportation: None of the three offered transportation to and from the center.

Table 10

Frequency Distribution of the Actual Cost of Family Day Care Slots			
Range of Weekly Cost (per child)	#Slots in October 1983	#Slots in December 1983	#Slots in May 1984
$16.90 or less (voucher covered full cost of care)	0	0	5
$16.91 - $25.00	1	4	4
$26.00 - $35.00	16	22	8
$36.00 - $45.00	1	1	3
Total	18	27	20

Table 11

Frequency Distribution of the Actual Cost of Pre-School Center Slots			
Range of Weekly Cost (per child)	#Slots in October 1983	#Slots in December 1983	#Slots in May 1984
$37.50 or less (voucher covered full cost of care)	34 (31%)	37 (34%)	40 (36%)
$37.51 - $40 (consumer paid $2.50 or less per week)	21 (19%)	15 (14%)	10 (09%)
$41 - $50 (consumer paid $3.50 - $12.50 per week	52 (47%)	53 (49%)	57 (51%)
$51 - $60 (consumer paid $13.50 - $22.50 per week)	3 (03%)	3 (03%)	4 (04%)
Total	100 (100%)	108 (100%)	111 (100%)

Table 12

Frequency Distribution of the Actual Cost of Care of Infant Center Slots			
Range of Weekly Cost (Per Child)	#Slots in October 1983	#Slots in December 1983	#Slots in May 1984
$52.50 or less (voucher covered full cost of care)	10	7	9
$52.50 - $75.00	1	1	1
Total	11 slots	8 slots	10 slots

The first families entered the program in June, 1983 and by August, 1983, the project was fully operational, providing child care through voucher subsidy to some 123 families. Additional families entered the project every month from September, 1983 through April, 1984 to fill vacancies, and thus kept the project fully operational. Grant-funded subsidy for all children ended in July, 1984.

The typical length of time between screening and application was one to two months. Seventy-two percent of all families serviced received voucher subsidy within one month of completing the in-office application/education/I&R component. Eighty-two percent of all families serviced received at least six months of voucher subsidized day care services when the federal grant terminated . New Jersey continued the Voucher Project with State funding, effective 7/30/84, so that there was no interruption in voucher subsidy for eligible participants.

Because new families entered the project on a continuing basis, the project population count was dynamic rather then static. As mentioned earlier, parents could change their child from one arrangement to another without losing the subsidy; and of course, parents could remove their children from the project at any time (as long as the provider received two weeks notice). Due to the pattern of day care arrangement selection by the project participants, approximately 141 to 143 children at any given time could receive voucher subsidy for child care. If more parents selected family day care arrangements (at the lower voucher rate of $16.90/child-week) then more children in total could be serviced within the available budget constraint. If more parents, on the other hand, selected infant centers (at the highest voucher rate of $52.50/child-week) then, of course, less children in total could be serviced. Table 13 displays three different patterns of day care arrangement selection over three different points in time: October, 1983; December, 1983; and May, 1984. On an average, 15% of the children were in family day care slots, 7% in infant center programs, and the bulk of the children (88%) in center based pre-school care.

Project staff observed that stability for children was a strong motivator in parental choice of child care arrangement. Parents frequently would mention possibly preferring another center for a child but not changing because the child was happy at his/her current center. Forty-seven percent of families surveyed continued their children in the same child care arrangement he/she was in prior to voucher subsidy. The length of time the child had been in that arrangement is unknown but many mentioned that it was a matter of a few weeks. It appears that some parents placed their child in a day care center with the knowledge that they would soon be receiving voucher subsidy.

Table 13

Pattern of Day Care Arrangement Selection

Month	Total # Slots	Infant Center			Pre-School Centers Homes			Family Day Care Homes		
		#Slots	#Centers	Average Actual Cost	#Slots	#Centers	Average Actual Cost	#Slots	Family Day Care Home	Average Actual Cost
October 1983	139	11	2	47.50	110	22	42.22	18	13	31.33
December 1983	143	8	2	57.19	108	22	38.72	27	19	30.93
May 1984	141	10	3	46.75	111	24	41.33	20	14	28.18

C. Profile of Participants

1. Demographic Profile of the 171 Families who Participated in the Voucher Day Care Project

The families who participated in the Voucher Project had the following demographic characteristics:

- Residents from all 12 communities in Hudson County participated in the project. Thirty-eight percent of the consumers resided in the northern and western sections of the county which had no access to subsidized child care prior to the inception of this demonstration project.

- Single parents headed seventy-nine percent of participating families. In two cases, that single parent was a father.

- In terms of ethnicity, 41% of the families were Black; 30% had Hispanic surnames; 27% were White; and 2% were Asian. Participants in the project included new immigrants to New Jersey from many countries including Yugoslavia, Cuba, Puerto Rico, Columbia, El Salvador, Haiti, West Indies, Dominica Republic, India, and China.

- The mothers' ages ranged from 14 to 51 years with the modal age being 26. Five percent of the mothers were teen-agers requiring child care for infants to permit them to complete high school.

- The fathers' ages ranged from 22 to 64 with 29 as the modal age.

- The educational level of parents was relatively high. Seven percent of the mothers were college graduates; 26% had some college education; and 43% had completed high school. Twenty-six percent of the fathers had some college education; and 46% had completed high school.

- Almost half of the mothers (46%) were involved in some type of clerical work; 15% worked in factories; and 14% attended school or training programs. Participants also included a few teachers, a nurse, and a public agency social worker.

- Thirty-four percent of the fathers were factory workers while another 32% reported sales, warehouse or restaurant work.

- Most parents (88% of the mothers and 71% of the fathers) worked regular daily hours of approximately 8:30 a.m. - 5:00 pm. Most parents (94% of the fathers and 95% of the mothers) worked Monday through Friday. Few parents worked variable hours or rotating shifts which would complicate center-based child care arrangements.

- English is spoken by 91% of the families. In 47 (27%) of the families Spanish is spoken either exclusively or along with English. Other languages spoken in the homes of participants include Chinese, Italian, Polish, Yugoslavian, and Haitian Patois.

- Past or present experience with public assistance was reported by 48% of participants, but only 12% of the participants were receiving welfare at the time of voucher project participation.

- Families were small in size; 43% of the participating families consisted of just one parent and one child.

This evaluation looked at two particular sub-groups of participating consumers in special detail: (1) families with the special social service need of child protection; and (2) families who had been on waiting lists for either S.S.B.G. or State-operated centers. The first group of families was of special interest to the agency because a major focus of the DYFS is child protection. The second group was of interest in this particular project evaluation because they were the population initially targeted for voucher services.

2. Families Receiving Protective Services

The original grant application proposed that at least 20 of the vouchers slots would be offered to families with special needs, particularly those who were active protective services cases with DYFS. The Voucher Project therefore offered voucher subsidy to 27 families who had protective services needs. The Voucher Project wanted to maximize the child care options available to these clients. Traditionally, protective services clients must utilize DYFS S.S.B.G. child care centers or the limited number of private centers which are willing to enter into a vendor agreement with the Division. In the Voucher Project, protective services clients came to the office to complete the application interview (in most cases accompanied by their caseworker). After viewing the film strips on day care selection and participating in the educational component, they were shown the list of licensed child care centers and asked which arrangement they preferred. If the client chose a center that already had a vendor agreement with the Division or a family day care home, both of which could be financed from the District Office bank account, that is how the placement was handled and the voucher agreement was not signed. If the family chose a private center that did not have a pre-existing vendor agreement with DYFS, the Voucher Project paid the full cost of care.

Twenty-three special needs families actually completed application interviews for the project. The Voucher Project paid the full cost of care of 12 (40%) of these families. They were required to complete the bi-weekly attendance sheet and also to give the bi-weekly voucher regularly to their center. The participating private centers expressed no problems in accepting the protective services clients and in follow-up interviews said that, after the first few days in the center, the protective services children "fit in beautifully".

3. Families on the Waiting Lists for Traditional Subsidized Child Care Centers

The original project design called for accelerating project intake by giving special priority in offering vouchers to families already on the waiting lists for subsidized slots in State-operated or S.S.B.G. centers and then tracking the results. As mentioned earlier, since residents of only three of the 12 communities in Hudson County had access to these subsidized centers, project staff decided to recruit families from all Hudson County communities through newspaper advertisements and flyers rather than limit participation to waiting list families. In some situations, families who had children on DYFS or S.S.B.G. waiting lists saw the ads in the newspaper or heard about the project through friends. In many cases, staff only learned that these children were on a waiting list at the time of application.

Interestingly, 22 families who were screened for the Voucher Project stated that they were not aware that the S.S.B.G. or State-operated center that the child attended was already a subsidized program. They were requesting voucher assistance to pay for the $2-$18 weekly S.S.B.G. fee. When they were advised that their center was already subsidized, and that to participate in the Voucher Project they would have to transfer their child to a private center, they chose to remain in the subsidized center.

Project staff found that accurate, consistent information on subsidized center waiting lists was difficult to obtain and analyze. There appeared to be a lack of uniform policies and procedures for wait listing. There was variation from center to center on which families were placed on waiting lists and in how long they remained on a list. For example, some centers that did not provide infant care would place an infant on a waiting list for preschool care when he became two and one-half years old. In other subsidized centers, any family who applied was placed on a waiting list even though the service need was not high enough to be serviced immediately. In other words, several "waiting list" families could not actually be offered a slot in the voucher project because the parent was not working and had no promise of employment. Vouchers were offered to 33 families whose children were on waiting lists for either S.S.B.G. or DYFS day care center slots. Fifteen of these families (44%) chose to accept the voucher subsidy in a private center while 18 families (56%)

chose to accept the Title XX or DYFS day care slot, their original first choice. As the Voucher Project's intake period (Spring/Summer) coincided with that of the other subsidized programs, the above results are somewhat distorted. Four families changed to a subsidized center after participating in the voucher project, once a slot became available for them.

D. Changes in Child Care Arrangements

As mentioned in Chapter III, an important innovative option built into the Voucher Project was the ability of parents to change child care arrangements without losing the day care subsidy. This is because the subsidy is tied to the participating consumer and not the child care arrangement. Twenty-four families (14% of all participating families) changed child care arrangements during the course of the service demonstration. Table 14 below presents the factors which parents stated influenced them to change child care arrangements and compares them to the factors parents statedinfluenced their choice of a child care arrangement during application.

Table 14

Factors Influencing Changes in Child Care Arrangement		
Reason	Numbers of Families	Ranking of Factors by* Participating Parents
Location	8 (33%)	3
Program	5 (21%)	4
Cost Factors	4 (17%)	7
Safety	3 (13%)	1
Hours	2 (08%)	5
Provider Can't Continue to Provide Care	2 (08%)	NA
Personality of Provider	0 (0%)	2
Appearance of Center	0 (0%)	6
	24 (100%)	

* 1 was highest rank and 7 was lowest rank of the 7 categories.

While location was ranked first by parents as the factor influencing their change in arrangement, it was ranked third as influencing their choice of arrangement. Although Hudson County is very small in area, the high density of population makes travel from one town to another very time-consuming due to traffic congestion. Therefore, if a family moves to another town it is often impossible for them to travel by bus or even car to the previous center.

E. Terminations from Project

During the service demonstration phase of the project, a total of 62 families who had used vouchers to pay for child care withdrew from participation. Project staff analyzed the reasons for their leaving the project to determine any possible flaws in project procedures or dissatisfacton with the program.

As can be seen from the table below, almost two-thirds of the participating families continued with the project until grant funding ended. Only four families (2%) were terminated from the project by staff for consistently not following project procedures.

Table 15

Reasons for Termination from Voucher Project	
Reason:	
Grant funding ended	109 (64%)
Family no longer eligible o no longer Hudson County resident o child now kindergarten age o family now over income	21 (12%)
Service Need Priority Changed: o parent no longer working/in school o parent states day care is no longer needed	29 (17%)
Change in Child Care Arrangement o voucher subsidized arrangement failed; parent chooses not to pursue another o child entered Title XX program o child changed to unlicensed center	8 (05%)
Family Terminated for not Following Project Procedures o excessive absenteeism; other problems	4 (02%)
Total	171 (100%)

The reasons families did not terminate from the voucher project are perhaps more significant than why they did and are further indications of the project's success. No families left the program for the following reasons:

1) In no case did a parent leave because voucher checks were delayed.

2) In no case did a parent withdraw because a provider was dissatisfied.

3) In no case did a parent leave because he/she could not/would not pay for day care.

CHAPTER V: DESCRIPTION OF LEVEL OF SERVICE OFFERED BY CHILD CARE PROVIDERS

The Division of Youth and Family Services was interested in learning what level of service was being purchased with vouchers by consumers on the private market and if this level of service varied greatly from that offered at State-operated centers or those under S.S.B.G. contract. To accomplish this, directors of 29 private pre-school centers that participated in the voucher project were interviewed, partially replicating a statewide survey completed by the DYFS Bureau of Research in 1981. The supervisors of the six State-operated centers and the six S.S.B.G. centers were also interviewed. This portion of the evaluation gathered information about the actual cost of child care in those centers, the fees charged to parents, and services offered to parents and children for that fee. Participating family day care mothers were also surveyed.

A. Private, State-Operated and S.S.B.G. Centers

Actual Cost of Pre-school Center Based Care:

The actual cost of full-time pre-school center-based care offered by the 29 private pre-school centers that participated in the project ranged from $30/child-week to $60/child-week, yielding an average cost of $45.56/child-week. The modal weekly cost of

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* One camp-component of a center and one center that participated for only one week were excluded from the study.

pre-school care was $40.00 (See Table 16). The cost of pre-school center based care provided by the six State-operated centers in Hudson County (as of 4/84) ranged from $73/child-week to $116/child-week with the average actual weekly cost being $89.33 (this amount included such budget items as salaries, fringe, transportation and rent). The cost of pre-school center based care provided by the six S.S.B.G. centers in Hudson County ranged from $51.50 - $58.00/week with the average cost of care being $53.38.

Table 16

Frequency Distribution of Actual Weekly Costs for Full Time Child Care (Pre-school Centers)

Range of Weekly Cost (Per Child)	#Private Participating Centers	#State Operated Centers	#S.S.B.G. (formerly Title XX) Centers
$37.50 or less	5	0	0
$37.51 - $50	18	0	1
$51.00 - $60	6	0	5
$61.00 - $80	0	1	0
$81.00 or more	0	5	0
Total	29	6	6

Center Capacity and Enrollment:

The maximum physical capacity permitted by State license of the private centers surveyed ranged from 18 children to 133 children with an average capacity of 53 children. This phrase, "maximum physical capacity" permitted by State license indicates the maximum number of children that may be served at a single time in a child care center, provided that all other requirements of the DYFS Bureau of Licensing's Manual of Standards for Child Care Centers have been met. The average number of children actually enrolled was 45 children. Private Centers, therefore, appeared on the average to be operating at a rate of 15% below physical capacity.

The maximum physical capacity of the State-operated centers ranged from 49-112 children, yielding an average capacity of 75 children. The average number of children actually enrolled was 77. State licensing law permits a small over-enrollment. The maximum physical capacity of the S.S.B.G. centers ranged from 60-143 children, yielding an average capacity of 96 children. The average number of children actually enrolled was 94. Actually, four of the six S.S.B.G. centers were at full or over-enrollment at the time of the survey.

Program Cost: Center-Based Infant Care:

Seven private centers that participated in the Voucher Project offered full-time infant care. The weekly cost of infant care ranged from $40/week to $75/week with the average cost of infant care being $55.28/week. None of the six state operated child care centers offered infant care. Two of the six Title XX centers offered infant care. The cost of care respectively was $63.55 and $70.00 (See Table 16).

A review of the distribution of the weekly cost of care in the private, State-operated and S.S.B.G. centers settings revealed that the State-operated centers have the highest cost of care. For the 41 centers surveyed, all of the private and S.S.B.G. centers charged less than $60/week, for pre-school care while all of the State-operated centers charge more than $60/week.

Table 17

Frequency Distribution of Actual Weekly Cost for Full Time Child Care (Infant Center)		
Range of Weekly Cost	#Private Participating	S.S.B.G. (formerly Title XX)
$52.50 or less (voucher covered full cost of care)	5	0
$52.51 - 75.00	2	2
Total	7	2

1. The six State operated day care centers do not provide infant care.

Center Schedules:

Ninety percent of the private centers and 100% of the State-operated and S.S.B.G. centers were open for the entire calendar year. The remaining three private centers (10%) operated on the school year calendar - a 10 month schedule running from September to June.

Services for Children and Parents:

All providers surveyed (private, State-operated, and S.S.B.G.) permit parents to tour their centers. They all provide the opportunity for parents to advise and comment on their child's needs and offer information about the day care program. Ninety-percent of the private centers and 100% of the State-operated and S.S.B.G. centers provide counseling to parents on their child's development. Privately operated centers were markedly less active in providing services for family problems. While all of the State-operated centers offered some type of counseling on family problems, only 50% of the S.S.B.G. centers and 51% of the private centers offered this service. All of the State-operated centers have established parent/teacher groups which meet regularly. Eight-three percent of the S.S.B.G. centers and 61% of the private centers offered such groups. Several private centers which do not currently offer PTA groups mentioned that they had tried in the past, without success, to organize parents. While 89% of the private centers provide information to parents, as needed, on the availability of social services in the communtiy, actual assistance (setting up appointments, accompanying parents to interviews) in obtaining these services was offered by only 68% of them.

All of the S.S.B.G. and State-operated centers provide information on the availability of community-based social services and actual assistance, as needed, in obtaining them.

Specialized Supplementary Professional Staff:

All S.S.B.G. and State-operated centers and 65% of the private providers employ at least one supplementary specialized staff person (nurse, social worker, psychologist, nutritionist, or a vision, speech or hearing tester) on a full time part-time or consulting basis. All State-operated and S.S.B.G. centers employ a social worker while only 24% of the private centers do. Private centers are more likely to offer the services of a hearing, speech or vision tester (45%) or a nurse (41%), and less likely to offer the services of a psychologist (17%) and nutritionist (17%). The State-operated centers are most likely to offer the services of a nutritionist (83%), a psychologist (50%), and a hearing, speech or vision tester (50%), and less likely to offer the services of a nurse (17%). The S.S.B.G. centers are most likely to offer the services of a hearing, speech or vision tester (66%) and less likely to offer the services of a nutritionist (33%), nurse (17%) or psychologist (17%).

Transportation:

Most child care centers surveyed do not offer transportation. Only twenty-one percent of the private centers provide daily transportation for children to and from their child care center, and interestingly, half of these centers have tuition rates lower than $40/week. None of the S.S.B.G. or State-operated centers provide transportation to community children who make up the bulk of their enrollment. The state-operated centers provide transportation for approximately 45 children (31% of their enrollment) who are agency supervised protective service clients.

Profit or Non-Profit Status/Participation in Federal Child Care Food Program

Forty-five percent of the private centers identified their programs as non-profit with the remaining 55% indicating a profit status. Of the thirteen centers that were non-profit (59%) participated in the Federal Child Care Food Program. Non-profit status is a prerequisitive for child care center eligibility for this federal program. Of course, all S.S.B.G. and State-operated centers are non-profit and all participate in the Federal Child Care Food Program.

Meals Provided

All S.S.B.G. and State-operated centers provide breakfast, lunch and afternoon snack to all students. Eleven of the private centers (38%) including 4 who do not participate in the Federal Child Care Food Program, provide all meals, while another 11 (38%) provide lunch and snack, but not breakfast. Twenty-one percent of the private centers offer just a snack, requiring children to bring their own lunch from home.

Teaching Staff

State-operated centers were more likely than the S.S.B.G. or private centers to employ full time classroom staff.

Ninety-five percent of the State-operated classroom staff was full time as compared with 84% of the S.S.B.G. Class-room staff and 58% of the private centers' classroom staff.

Education and Credentials

All centers surveyed (private, state-operated and S.S.B.G.)have at least one teacher who possesses a college degree. While none of the S.S.B.G. or State-operated centers employed a classroom teacher with a Masters Degree, six (21%) of the private centers did. Surveying the classroom staff (including both full and part-time) of all the private centers it was learned that 38% possessed at least a college degree. Twenty-five percent of the classroom staff of the S.S.B.G. centers possessed at least a college degree while 21% of the classroom staff of the State-operated centers possessed at least a B.A. degree.

All centers (private, State-operated, and S.S.B.G.) have at least one teacher who was certified by the State of New Jersey Department of Education in early childhood. Certified teachers comprised 23% of the total teaching staff of S.S.B.G. centers; 33% at the State-operated centers and 31% of the private centers.

Volunteers:

Thirty-eight percent of the private centers reported using volunteers. The average number of volunteers per center was 3. This average is skewed, however, since one center utilized 7. Eighty-three percent of the State-operated centers and 83% of the S.S.B.G. centers use volunteers.

Donations:

In general, the S.S.B.G. centers received more donations than either the State-operated or the private centers. Fifty percent of the S.S.B.G. centers use donated space in contrast with 17% of the State-operated and 17% of the private centers. Sixty-seven percent of the S.S.B.G. and 67% of the State-operated centers used some donated equipment as compared with 52% of the private centers. Fifty percent of the S.S.B.G. centers received some donated supplies (i.e. paper, paint) as compared with 41% of the private centers and none of the State-operated centers.

B. Family Day Care Homes

Through the Voucher Project, for the first time, Title XX eligible families could receive subsidy for child care provided by family day care providers. The Division was interested in an overview of the services offered in Hudson County by the private family day care providers.

Cost of Care:

The weekly cost for full-time pre-school child care in a Hudson County family day care home ranged from $16.90/child-week to $45.00/child-week, with the modal cost of care being $30/child-week.

Child Population of Family Day Care Homes:

Family day care providers care for from one to five children, with the modal number of children being three.

Relationship to Children:

Thirty-eight percent of the day care mothers interviewed were related to the child for whom they provided care.

Hours:

Family day care can be much more flexible than center-based care. It was learned that 15% of the day care homes provided night care while the other 85% provided care throughout the working day - approximately 7:30 A.M. - 5:30 P.M.

Only 23% of the homes cared for children overnight or on week-ends on a regular basis, in a private, non-subsidized arrangement with the parents.

Participation in the Federal Child Care Food Program:

None of the day care mothers surveyed participated in the Federal Child Care Food Program, although this program is open to eligible family day care homes.

Meals Provided:

Twenty-three percent of the family day care mothers purchase the food for the children. In more than half of the homes surveyed (54%) the parents paid for the food and brought it to the family day care home. All family day care homes served meals to the children: 46% served dinner; all served snacks; 61% served breakfast; and 92% served lunch.

Background/Experience with Children:

The day care mothers surveyed had extensive personal experience in working with children. Eighty-five percent reported babysitting and caring for other people's children since childhood. Ninety-two percent had raised their own children. Thirty-one percent reported formal prior work experience in day care centers, while 31% had taken college/adult education courses in child care and development.

Services Provided to Parents and Children:

All day care mothers permit parents to visit or "tour" their homes. All provide the opportunity for parents to advise and comment on their child's needs and comment on their child's development. Ninety-two percent provide parents with information about their day care program. Sixty-nine percent provide some assistance to parents with family problems on an informal basis.

While 61% of the day care mothers made parents aware of social services available in the community, 69% of them were willing to help parents take advantage of available services, upon parental request, by making telephone calls for them or accompanying them to appointments.

CHAPTER VI: COST EFFECTIVENESS

The Hudson County Voucher Research and Demonstration Project was designed to validate the use of a market economy approach to induce lower costs for day care subsidies. The project shifted the focus of service choice and development to the consumer, an option that does not exist under the traditional contract or direct delivery models. The client was permitted to choose the provider of day care service which best met his needs weighing such factors as services offered, quality, location and cost. A short-term goal of the project was to shift consumer behavior to seek.

The Voucher Project was seen as a feasible cost containment strategy for child care funding. With the reduction in S.S.B.G. and other federal and local monies available for child care, New Jersey was trying to recapture the flexibility in funding programs lost through established historical funding patterns. The Voucher Project would reduce the administrative costs associated with the public provision of child care by eliminating the costs associated with negotiating, and monitoring provider contracts.

This chapter analyses the costs of the Voucher Day Care Project based upon actual expenditures and caseload levels for the 12 months of direct voucher subsidy. As mentioned in Chapter IV, because new children entered the project on a continuing basis, the project population count was dynamic rather than static. Due to the pattern of day care arrangement selection by the project participants, approximately 141 to 143 children at any given time could receive voucher subsidy for child care. Table 13 shows three different patterns of day care arrangement selection over three different points in time: October, 1983 (139 children); December, 1983 (143 children); and May, 1984 (141 children), yielding an average count of 141 children receiving voucher subsidy at any given time.

The voucher could not pay more than the actual cost of care. As mentioned in an earlier chapter, private center-based child care in Hudson County was less expensive than had been anticipated. Several infant and pre-school programs charged less than the maximum voucher rate for full time child care. As a result, the average cost to the project for voucher subsidy was less than the maximum voucher rate for center-based care. (see Table 18).

Table 18

Actual Weekly Voucher Rate vs. Maximum Weekly Voucher Rate (Per Child-Week)		
Pre-School Center	36.79	37.50
infant center	45.60	52.50
family day care	16.90	16.90

To determine the costs associated with administering the Voucher Project, this evaluation attributes the salaries of all direct service staff as indicated in the project's budget. The grant funded evaluator's salary and 10% of her supervisor's salary have been deleted because their roles by definition did not pertain to the day-to-day operation of the project but rather to project start up, form and instrument design and research.

Title	Salary
o Project Administrator (12 months)	25,540
o Voucher Social Worker (12 months)	19,056
o State-funded social worker (6 months)	9,528
o Clerical Worker (25% time - 12 months)	3,225
o Assistant Regional Administrator (10% time - 12 months)	3,938
o Regional Business Manager (10% time - 12 months)	3,096
Total	$64,383
Indirect cost @ 21% of salaries =	13,520
Fringe Benefits @ 20.59% of salaries =	13,256
Total Administrative Cost	$91,159

The total administrative cost ($91,159.86) divided by the average number of children serviced, (141) equals $646.52. This figure divided by the number of weeks of voucher subsidy (52) yields a weekly administrative cost of $12.43 per child.

To this must be added the average weekly cost of voucher subsidy per child (by mode of care) to yield an average total cost of day care service type voucher subsidy.

Certain costs incurred by contracted day care are not represented in this study. Examples of these are the costs of negotiating, managing and monitoring contracts. The tables which follow, present the total cost of voucher subsidy.

Table 19

Actual Cost to the State of Pre-School Care Across Subsidy Programs

	Voucher	S.S.B.G.	State Operated Centers
Actual Average Weekly State Reimbursement rate for child care	$36.79	$50.00	$89.33
Contract Costs	0	Unknown	0
Administrative Costs	$12.43	Unknown	included in the reimbursement rate
Total Cost	$49.22	Unknown ($50.00 plus administrative and contracting costs)	$89.33

Table 20

Actual Cost to the State Infant Center Care Across Subsidy Programs	Voucher	S.S.B.G.
Actual average weekly State reimbursement for child care	$45.60	$70.00
Contracting Costs	0	Unknown
Administrative Costs	$12.43	Unknown
Total Cost	$58.03	Unknown ($70.00 plus administrative and contracting costs)

The State-operated centers do not provide infant care. Neither the State-operated centers nor the five S.S.B.G. centers in operation during project intake offer a family day care component. Although the agency raised its family day care rate to $1.00 per hour shortly after the Voucher Project began, the project retained the $16.90/child-week for such care for the full demonstration period.

Table 21

ACTUAL COST OF FAMILY DAY CARE ACROSS SUBSIDY PROGRAMS		
	Voucher	Other DYFS Programs
Actual average weekly State reimbursement for full time child care	$16.90	$40.00
Contracting Costs	0	0
Administrative Costs	$12.43	Unknown
Total Cost	$29.33	Unknown ($40.00 plus administrative costs)

As one can see from the tables above, the voucher is less expensive to the state than either the S.S.B.G. centers or those centers which the State operates itself. The Voucher Project is a cost effective method of subsidizing child care.

- The DYFS is able to curtail rising day care costs. While the average rate of contracted pre-school child care has risen from $50.00/child-week in 1984 to $62.20/child-week in 1985, the voucher rate has remained stable at $37.50/child-week.

- On the simplest level of analysis the voucher rate was pegged at 25% less than the State's contracted rate for child care.

- Through the Voucher Project, families had a choice of mode of care which does not exist in either the State operated or S.S.B.G. programs. On an average, 15% of voucher participants chose family day care at the lower voucher rate of $16.90 child-week which further reduced total program costs.

- The Voucher Project was a cost effective program to administer. Through the voucher program, it cost $91,159.89 (in salary, indirect costs and fringe benefits) to deliver $272,000 in direct voucher subsidy. Deleting the costs of the program evaluation, which is a one-time only expense and would not be part of a continuing program, 75% of the program budget of $363,160 was devoted to direct voucher subsidy.

Chapter VII: Assessment of Voucher as an Efficient Service Delivery System for Child Care

The first section of this chapter assesses the efficiency of the Voucher Day Care Project from the perspective of the day care provider. Their satisfaction with the voucher program is measured on a variety of pertinent issues including: provision of technical assistance; timeliness of payments; level of reimbursement rates; and advantages and disadvantages to the provider of project participation.

The second section assesses the benefits of the project from the point of view of the consumer of the voucher subsidy. Were consumers able to obtain the child care they wanted with the voucher? Were they and their children pleased with the day care arrangement? Were they given sufficient assistance by project staff through its information and referral and consumer and Education compontents? What were they able to do with the money saved?

The final section assesses the project from the agency's perspective. Did the project achieve the objectives listed in the grant proposal? Was the Voucher Program an effective service delivery system for the public provision of day care?

A. Provider Perspective

All private center providers surveyed were enthusiastic with the voucher project and described it with terms such as "terrific", "working well", "convenient", amd "non-intrusive".

Is The Voucher Rate Adequate?

Twenty two (76%) of the private participating providers stated that the voucher rate of $37.50/child-week for pre-school care and $52.50/child-week for infant care was adequate. Interestingly, three providers (10%) felt that the rate was too high for Hudson County. Most felt that parents should subsidize the voucher with some of their own money. They stated that working parents generally expect to pay something for someone to watch their children. Also, they saw a parental contribution of money towards child care as making parents more involved in the child care program. Two-thirds of the S.S.B.G. center directors stated that the maximum voucher rate of $37.50/child-week was adequate.

Would Providers Participate Should The Project Be Refunded?

All participating center directors agreed to participate again should the project be refunded. Their reasons for continued participation were as follows:

1. Most important - voucher reimbursement is timely.

2. The project is non-intrusive; it does not interfere with the internal operations of centers.
3. The project helps people in need.
4. The project helps centers fill existing vacancies with the children of interested parents.
5. The project helped centers boost enrollment, thus saving staff jobs.
6. The project runs very smoothly and is provider - sensitive. The provider can always contact a specific staff person by name who knows about the family/voucher situation who can personally resolve billing and other problems should they arise.
7. The voucher project has a more efficient and dependable payment system than the DYFS vendor payment system.
8. Interestingly, none of the providers complained about submitting the bi-monthly attendance sheets. In fact, several were pleased that attendance was monitored so that the service was not "abused".
9. Several private providers mentioned that they were pleased that there were controls on eligibility for program participation and that parents had to be working or going to school full-time and not "at home doing nothing".

10. They were pleased that the project had the flexibility of reimbursing either parents or providers. Therefore, even providers who were reluctant to accept the voucher themselves and thus participate with the State's billing system, could still assist their students in receiving a subsidy by signing the agreement and filling out the bi-weekly attendance forms.
11. Providers liked the fact that the Voucher Project followed each center's policy regarding attendance and parent vacation, unlike some State reimbursement programs which require the private center to follow the State's policy. Therefore, the voucher project generally pays on enrollment and not on attendance, since most private centers require that parents pay when the child is absent.

All family day care mothers surveyed would also continue participating in the voucher project. Their reasons included:

1. They love the children.
2. They had no problems with the program.
3. Parents need all the help they can get.

Are Providers Satisfied With The Timeliness Of Voucher Payment? All providers were pleased with the timeliness of payment. According to the voucher agreement, providers were to submit their completed vouchers and both the center and parental attendance sheets bi-weekly for payment processing. Providers varied greatly in the degree to which they adhered to this schedule. In some cases, centers were remiss in submitting the voucher to the agency and, in other cases, parents were remiss in forwarding the voucher to the provider. To assess the timeliness of the payment system, providers were asked how long it took for them to receive voucher reimbursement after they had submitted their voucher package to the agency. In all cases they reported that it took from three to three and one-half weeks for reimbursement. This is exactly the turn-around time that had been promised by project staff. This timeliness of payment is central to providers' satisfaction with the Voucher Project.

What Were Provider Attitudes Towards Participating Consumers:

Project staff had speculated that some private providers might be concerned about what problems, if any, recipients of subsidized day care might bring to their programs, particularly protective services children. Protective services children in the voucher project were "main-streamed" into programs chosen by their parents unlike the Massachusetts program where they received specialized supportive services. All providers surveyed stated that they saw no differences between the children in the Voucher

Project and those from families paying the full cost of care. None stated any concerns in accepting any voucher participants, including protective services clients.

What Did Providers See As The Disadvantages Of Participation In The Voucher Project?

Center directors see the following as disadvantages to participation in the Voucher Day Care Project:

1. As with other State reimbursement programs, payment is received after day care services are rendered. Parents paying the full cost of care generally pay before services are rendered.
2. As with other State reimbursement programs, paperwork must be submitted on a regular basis to receive payment. Checks are not generated automatically. Family day care mothers report finding the paperwork aspect of the project tedious, perhaps because they have less experience in completing forms than do center directors.
3. The voucher document does not include a tear-off for provider records, requiring providers to photo copy the form regularly at their own expense. This is particularly difficult for the smaller providers and family day care mothers who do not have access to photo copy machines.

Did Voucher Project Staff Provide Technical Assistance To Providers?

Voucher staff visited all participating providers shortly after the voucher agreement was signed and the eligible child began to receive child care through voucher subsidy. The visit was not arranged sooner so as not to interfere with the consumer/provider relationship. Project Staff did not want to suggest that they are encouraging or arranging a placement with a specific provider. At the time of this visit, any questions the provider might have had about the program were discussed. Specific assistance was given, as needed, regarding completion of the voucher billing form and the attendance sheets. Providers were encouraged to call the staff at any time with project questions.

Should Child Care Be Subsidized By The State Or Should It Remain Totally A Parental Responsibility?

Ninety-two percent of the participating private center directors and all family day care mothers surveyed stated that child care should be subsidized by the State, with the qualification that parents be working or going to school, and be financially needy. Because voucher payment is tied to the consumer of child care and not to the provider, when a child leaves a provider no effort is made by project staff to help fill the vacancy with a voucher child. This disadvantage was mentioned primarily by the minority of centers who had a pre-existing vendor agreement with the agency.

Did Providers Have Problems Obtaining Parents Share Of Payments?

Seventy-nine percent of the private center providers reported no problems in collecting the parents' share of any payments due them. In the other cases, providers mentioned having to keep after parents with reminders. In no cases did they report that the collection problems with voucher parents were any more severe than those they encountered with their general student enrollment. None of the family day care providers surveyed reported any problems in collecting the parents share of the payment.

B. Consumer Perspective

Obtaining affordable child care with convenient hours at an accessible location is difficult for many parents. According to data obtained during the application interview, 29% of the participating families had left jobs in the past due to child care problems. The Voucher Project was designed to help families solve their child care problems through its subsidy, educational and information/referral components. As part of this evaluation, follow-up interviews were completed with 151 of the 171 participating parents. They were asked to evaluate the voucher project in general, the payment system, and any recommendations to improve the service.

An important goal of the Voucher Project was to transfer the responsibility for child care arrangement selection and monitoring from the public agency to the consumer of the service. To assess how well this goal was achieved, parents were asked to evaluate both the project's educational component (which was designed to help them choose quality child care) and various aspects of their own child's day care program.

Aside from providing research data on their consumer satisfaction with the provider chosen, another purpose of this interview was to provide parents with the opportunity to think and talk about their chosen day care provider in some depth. In general, it was found that parents were most satisfied and knowledgeable with the safety aspects of the day care arrangement and fairly satisfied with the educational aspects. Parents were more unsure about how the provider handled discipline. Parents who were not aware of certain aspects of the child care program were encouraged to talk to both their child and the provider to find out the information. A detailed breakdown of responses follows:

SAFETY

One hundred forty nine (99%) of the parents surveyed were satisfied with the safety of their chosen child care arrangement. Parents frequently focused on life/safety issues in discussing the reasons behind their response. Sample responses included: "enough staff; door locked; guard rails; child-size equipment in good condition; cleanliness; carpeting; equipment placed so that children can easily get it without climbing; not releasing the child to strangers."

REST AND SLEEP

One hundred forty six (97%) of the parents were satisfied with the arrangements their child care providers made for the child's sleep and rest. Most mentioned was that the children had individual cots or mats; that parents sent in clean sheets on a weekly basis; and that the naps ran from 1 1/2 hours - 2 1/2 hours.

FOOD

One hundred forty five (96%) of the parents were satisfied with the way their centers handled food and snacks. While most of the parents had children in centers that provided at least the noon meal, parents who had chosen a center that did not provide meals preferred it that way either due to a child's allergies or food preferences. Most parents mentioned that well-balanced hot lunches were provided. Parents appreciated that centers sent home a menu weekly. Several parents mentioned that the day care provider had introduced their children to new foods, particularly vegetables. All parents stressed that snacks were healthy and nutritious and not just candy. In day care homes, where parents generally send the food, they appreciated that day care mothers gave the children all the food sent.

OPPORTUNITY TO MAKE FRIENDS

One hundred forty three (95%) of the parents mentioned that their children had the opportunity to make friends at the center and talked about the new friends at home by name. Several mentioned that their children had the opportunity to make friends of all ages.

OUTDOOR ACTIVITIES

One hundred thirty four (89%) of the parents stated that they were satisfied with the outdoor activities provided by the day care provider. Several qualified this by adding "given the limits of this urban area." While parents regretted that their centers often did not have large outside play areas with pools, sand boxes and jungle gyms, as mentioned in the film strip, they did mention that centers made use of local parks and small, fenced in, attached yards. Most mentioned that children spend some time outdoors in good weather and go on local field trips to the library, fire department and zoo.

LEARNING ACTIVITIES

One hundred-thirty-one (87%) of the surveyed parents were satisfied with the learning activities offered by their child care provider. Most were pleased and proud that their children brought home school papers and drawings showing what they did. Parents mentioned that their children were learning their colors, the alphabet, social skills (getting along with others), self-help skills (such as how to eat properly at a table), toilet training and manners, how to speak English and how to print their first and last name.

DISCIPLINE

One-hundred-seventeen (78%) of the parents stated that they were satisfied with the manner in which their center handled discipline, while 30 (20%) were unsure as to how their center handled children's misbehavior. Generally, the parents in the former group mentioned that their child care provider was clear about rules. If a child misbehaved, most mentioned that the provider would isolate the child from the group for a short period of time; put the child in the corner; take away privileges; or send a note home to parents. Several parents mentioned spontaneously that the child care provider never hits the children.

Did Parents Find That The Educational Component Was Helpful To Them?

One-hundred-forty parents (93%) stated that the films had been helpful to them and that they thought that all new participants should be required to view them. Of those 11 parents (7%) who stated that the films should not be required of everyone, more than half felt that families new to child care should see the films. In discussing their experiences with the educational component of the project, several parents mentioned that they had not previously realized how important it was to tour a center prior to placing a child there. Some parents did not realize that they were permitted to tour a center. The only negative comment mentioned about the film strips was that their setting (in suburban California) was quite different from urban New Jersey. Large outdoor play space and modern buildings are just not a reality for most parents in Hudson County. Some felt that the films raised the level of expectation too high.

Did Parents Tour Centers Prior To Placing Their Children?

Project staff learned that 134 of the families interviewed (89%) reported touring their chosen center or day care home prior to placing their child there. Sixty-seven families (44%) reported comparison shopping by touring other centers also. This included families of children already placed, most of whom were using their day care arrangement only briefly before entry into the voucher day care program. During this interview, parents were asked specifically what other centers they had visited and all 67 were able to specify the names of the centers.

Did The Participating Children Like Their Day Care Arrangements?

One-hundred-fifty parents (99%) reported that their children liked their day care arrangements and had no qualms about attending every day. Many parents stated that they could work with a peaceful mind knowing that their children were happy. Ninety-five percent of the parents stated that they would recommend their day care providers to friends, and most said that they had.

Were Parents Aware Of Other Options For Child Care Subsidy?

Eighty-seven percent of surveyed parents were unaware of other opportunities for child care subsidies available in Hudson County.

Did Voucher Consumers Feel Stigmatized?

There was some agency concern as to whether parents receiving a voucher subsidy at a private center would in some way feel stigmatized. Ninety-six percent reported that they felt that they were treated the same as if they were paying the full amount of tuition themselves.

Did Parents Receive The Child Care They Wanted Through The Voucher Project?

Not all families made a "new" child care arrangement upon entering the voucher program. Of those 80 families who did, 73% obtained their first choice of arrangement.

What Use Did Parents Make Of The Money Saved Through Participation In The Voucher Project?

Eighty-one percent of the parents surveyed were aware of the amount of money saved by participation in the project. More than half (57%) reported that they use their savings to pay their bills on time, with many reporting buying more and better food for their families.

How Did Parents Rate The Voucher Payment Process And The Program In General?

Most saw no difficulty with the forms or the attendance sheets, but mentioned that they would have preferred less paperwork if that were possible.

The flexibility of the project was mentioned as a positive by many parents, particularly those whose centers chose not to be reimbursed by the State. Parents could still use these providers with the minimal requirement that the provider complete a bi-weekly attendance sheet. Parents mentioned that they were happy to find a State-subsidized program geared to working parents above the poverty level. Several mentioned that they were pleased with the flexibility that the program provided them. Parents could continue their children with the provider of their choice where the child was secure rather than change just to receive subsidy.

Parents mentioned that the program presented "no problems" to them. After the initial in-office interview, their contact with project staff could be handled by telephone or mail, and that someone was always available to help.

What Recommendations Do Parents Have To Improve The Program?

Parents suggested expansion of the program to include voucher subsidy for older children, particularly those in kindergarten. Several parents were forced to continue their children in full-day private kindergarten programs at the day care center at their own expense because of the difficulty in arranging before-and after-public school kindergarten care.

C. The Agency Perspective

Did the DYFS reap the benefits it had anticipated from a voucher project? In other words, did the project achieve the goals as outlined in the proposal?

Did the Voucher Project Result in a Greater Use of Licensed Private Centers at a Lower Overall Cost than that Which is Provided by the S.S.B.G. and State Operated Centers?

Yes. Through the voucher project, 198 children in total received child care through voucher subsidy at 31 private licensed centers), one Title XX center (Community slot), and 27 family day care homes. By mode of care, actual weekly per-child voucher costs averaged:

pre-school center	$36.79	(maximum voucher rate $37.50)
infant center	$45.60	(maximum voucher rate $52.50)
family day care	$16.90	(maximum voucher rate $16.90)

Did the Voucher Project Minimize Unnecessary Constraints on Consumer Choice?

Yes. Eligible consumers were allowed almost unrestricted free choice in terms of selection of day care providers. The only conditon imposed by the agency was that the center be State licensed or that the family day care provider become State-approved. Prior to the Voucher Project, target families were restricted to a limited number of geographically restricted subsidized slots. For the first time, targeted families could choose a family day care setting with subsidy and also a center outside of Hudson County if this should prove more convenient for them. Several flexibilities were built into the voucher system:

(1) The subsidy is tied to the consumer and not to the provider.
(2) The parent can change providers or modes of care and not lose the subsidy.
(3) The project can reimburse either the parent or the provider depending upon the individual desires of the parent and the provider.
(4) The voucher can be used to reimburse relatives for providing child care.
(5) As long as the consumer is a Hudson County resident, the voucher can be used at any licensed provider or approved family day care home within or outside of Hudson County.
(6) Families were free to recruit any family day care provider. The project had the capacity to complete the State approval process on family day care providers and could reimburse up to $25.00 for the family day care provider's physical examination.

Did the Voucher Project Expand the Number of Eligible Recipients of Public Day Care through a Redistribution of Day Care Funds Through Vouchers?

Yes. Nineteen (59%) of the center-based child care providers and 100% of the family day care providers were recruited specifically by the parents. Often, when centers were recruited by one parent to participate in the program and the experience with the project (particularly the payment system) was positive, they were willing to accept other voucher participants.

During the 18-month voucher demonstration project, project staff became aware of four employer-sponsored child care centers in Hudson County-all of which also accepted community children. One of them signed a project agreement to accept a child through voucher subsidy but, unfortunately, the child entered the hospital and withdrew from participation.

Did the Project Aid Parents in Selecting Day Care Resources Relevant to Their Needs by Providing a Continuously Updated Resource Listing and a Guidelist of Criteria in Selecting Day Care?

Yes. The project staff, with input from the Oversight Committee, designed an educational component to the application process.

All participating families viewed two filmstrips from a series purchased by the agency from Pacific Oak's College in California. Project staff were continuously available to parents to discuss child care concerns. In no case, however, did project staff recommend or refer a family to a specific provider. Instead, project staff would State "these three centers offer transportation", "these centers charge less than $40.00", "these centers are located near your job;" "these centers offer infant care." Parents were given an HHS booklet entitled Parents Checklist for Quality Child Care and also a booklet describing the voucher project and payment system. A listing of licensed child care providers was made available to all parents.

Did the Voucher Project Recruit a Specific Set of Vendors to be Available to Accept Vouchers?

No. Project staff decided that recruiting vendors was not in keeping with the voucher philosophy of allowing parents unlimited choice. Also, the project became more successful once parents themselves approached providers with voucher agreements. Even the nine providers who had initially expressed great reluctance in participating in a State-run voucher program agreed to participate when approached by an eligible consumer with a voucher guarantee of payment. It also became apparent early in the project that private providers would not make blanket agreements to accept any and all voucher participants. Parents were encouraged to tour day care centers and homes prior to placement and to discuss day care issues with providers to determine if they could work together. Also, the capacity of private centers changes daily. Even a center with a vacancy may not have a vacancy in a specific age group. In the Voucher Project, the consumer herself approaches the provider with the voucher agreement. The project staff is not involved and therefore in no way distorts consumer preference.

Did the Voucher Project Recruit and Provide Vouchers to a Minimum of 230 Families of which at Least 40 would have Special Needs?

No. The number of children served through any voucher project funded by a finite amount of money is a function of the pattern of day care arrangement selection by the parents. The grant proposal hypothesized that at least 50% of the parents would choose family day care by virtue of its proximity to the home; its lower cost; the parent's ability to screen the provider more intimately; and its more home-like character. It developed, however, that only 15% of the children received day care in a family setting at the lower cost $16.90 per child-week. An additional 25 children (13%) received infant care in one of 6 center based programs at the higher voucher rate of $52.50 per child-week. The existance of infant centers was overlooked in the grant proposal. Families seemed to view the voucher project as an opportunity to "upgrade" their child care arrangements. Family day care was generally seen as a more custodial babysitting arrangement. Parents who had used family day care in the past complained that the children watched too much television; that day care mothers were not dependable on a long-term daily basis; and that children were not fed properly. The parents looked to child care centers to prepare their children for kindergarten and to teach children how to relate to their peers. Most parents summed up their desire for center-based care by saying "he's old enough and ready for a center." Also the price structure of center-based care in Hudson County was somewhat lower than had been expected. While the modal cost of center care was $40/child-week, one-third of all participants were clustered in child care centers in which the voucher covers the full cost of care. Parents generally had to subsidize the $16.90/child-week voucher for family-based care.

Because of the above pattern of day care selection, the project budget allowed for servicing approximately 141 to 143 children at any one time. During the entire demonstration project, a total 198 children in 171 families received child care through voucher subsidy. Of this number, 27 or 16% were protective services cases.

Did the Voucher Project Develop Specific Safeguards to Insure that Families Most in Need Benefit from Day Care Services and that Fraudulent Activities are Recorded?

Yes.

(1) All participating consumers documented that they met Title XX (now S.S.B.G.) service and income guidelines and that they were Hudson County residents.

(2) All vouchers (State form 50/54) were pre-numbered and were logged when issued.

(3) Attendance was monitored on a bi-weekly basis. Two bi-weekly attendance sheets (one filled out and signed by the provider and one by the parent) were submitted with every voucher. Project staff matched the attendance sheets to assure that they agreed prior to authorizing the voucher payment. In all cases, the project followed the individual provider's policy on billing which meant that in most cases payment was made on enrollment and not on attendance.

(4) Only three designated local State officials were permitted to approve voucher payment.

(5) Initially, project safeguards called for regular visits to providers to "spot-check" for attendance. This was not done on a regular basis due to time constraints. Project staff did however request to see participating children whenever they were at centers on an pre-arranged basis.

(6) A semi-annual redetermination of eligibility was completed by mail on all participants in April, 1984. Consumers were required to send their W-2 and 1040 forms to the office. Families who were over-income or unemployed were terminated from the program.

(7) Children with continued poor attendance were terminated from the program.

Was the Voucher Project Design Consistent with Other State System Policies and Constraints?

Yes. (1) Participating consumers in the Voucher Day Care Project met the same Title XX service, income and residency criteria as clients of the S.S.B.G. and state operated centers.

(2) As much as possible, project staff utilized or adopted existing State forms: 50/54; child's master card (DYFS 12-8); foster home master card (DYFS 12-21).

CHAPTER VIII: CORPORATE OUTREACH

The proposal design called for an outreach effort to Hudson County employers to provide technical assistance to them in subsidizing employees' child care.

In preparation for this task, from September to December 1983, a Rutger's University Labor Studies student, assigned to the project evaluator, prepared a literature review for project staff, orienting them to the "state-of-the art" in employer-subsidized day care. In essence, staff learned that private industry in "smoke stack" communities (such as Hudson County) tend not to be in the forefront of employer-subsidized child care. This is due to the nature of their business (not consumer oriented); the composition of their work force (generally older men beyond the child rearing age); and the business outlook for their commodity (not generally expanding). Staff did learn, however, that hospitals in most communities are interested in offering child care as a benefit so that they can attract trained nurses back to their staffs after maternity leave. Quite apart from project staff efforts, the voucher project became aware of child care centers sponsored by three hospitals in the County. Private corporations run the centers in two hospitals under hospital sponsorship; in the third hospital, the hospital itself runs the center. Thus, three hospital - related centers are available to community children at a slightly higher fee.

New Jersey Governor Thomas Kean has also encouraged private businesses to join government in meeting the child care needs of New Jersey residents. In a 1982 address to New Jersey corporate executives, the Governor said:

> "Day care in the work place is an innovation that can work. It can form a key part of New Jersey's economic development... improved child care can bring many benefits to industry..."

To assist with this effort, Governor Kean appointed Nicholas R. Scalera, DYFS's Assistant Director as the Governor's liaison on Employer - Supported Child Care. Project staff contacted Mr. Scalera to plan a cooperative outreach effort to Hudson County's employers.

The five-month outreach was conducted from 5/84-9/84 through a four-phase approach targeted to companies with 1,000 or more employees and to all hospitals in the County that did not yet provide child care benefits.

Project staff worked with Mr. Scalera in drafting a one page letter which was sent to the chief executive officers of the above companies from him in his capacity as the Governor's representative. It was felt that this might generate more interest on the part of the business community. In all, 37 employers were contacted. Responses were received from four, all of whom were interested. A follow-up meeting arranged with one West Hudson hospital to help them explore child care support options. Divisional follow-up is planned for the other three.

CHAPTER IX: RECOMMENDATIONS

1. Due to the overwhelmingly positive response of providers and parents alike to the Voucher Project, continuation of the program in Hudson County with State funds is recommended (New Jersey funded the project in late July 1984 so that there was no interruption in voucher subsidy for eligible consumers.)

2. Expansion of the Voucher Project to other counties in the Northern Region of the State whose composition is more suburban, as a further test of the model, is recommended. In order to maintain the efficiency of the voucher delivery system, it is recommended that the following elements of the demonstration project be maintained:

   (a) The pivotal element in the success of any voucher program is an efficient payment system. Providers must continue receiving their checks in three-to-three and one-half weeks.

   (b) Continue the three party voucher agreement which should be signed by the provider, the parent, and the project staff on a child-by-child basis.

   (c) Continue the present format of the educational component, relying mainly on filmstrips. Parents in a voucher program must have access to training in how to choose quality child care.

(d) Maintain a standard voucher rate per mode of care. It would become administratively burdensome to set the voucher rate as a percentage of the provider's rate.

(e) Continue to follow the individual providers' schedules and policies regarding vacation, attendance, etc. This will mean that most providers will be paid on enrollment and not on attendance.

(f) Continue to annually redetermine eligibility for project participation by mail by having parents mail pay-stubs, W-2/1040 or letter from school.

(g) Continue to visit private providers after they become active in the program to offer technical assistance on completing forms and to answer any questions about the program.

(h) Continue to have staff member(s) available to providers by telephone to answer questions etc.

(i) Continue to survey providers and parents annually to tap their satisfaction with the program, and to keep abreast of changes so that program can continue to be consumer and provider sensitive.

The following revisions would improve the efficiency of any voucher program:

1. Re-design the voucher invoice format to include at a minimum tear-off copies for the provider and the local office, as

per suggestions by all participating providers and project staff. Explore the possibility of a total-redesign to incorporate level of service (attendance) on the same form and one invoice per center.

2. Change the billing cycle from bi-weekly to monthly, as per the recommendations of providers and project staff. This would reduce paperwork; avoid overlapping billing cycles; and be more in keeping with the billing of private centers who often quote a monthly tuition.
3. Change the way the per-child voucher maximum rate is quoted from weekly to daily e.g. $37.50/wk to $7.50/day; $52.50/wk to $10.50/day; $16.90 to $3.38/day.
4. The HHS pamphlet which was given to parents during the educational component is now out of print. Re-design new booklet which emphasizes parental responsibility to monitor the child care arrangement.
5. Develop uniform statewide policy and procedures policy for wait-listing children for all subsidized child care programs.
6. Explore the possibility of expanding voucher services to include before and after kindergarten care. Participating parents reported particular problems in arranging convenient and affordable care for this age group.

7. Explore training for family day care providers, as vehicle to lessen their isolation and enrich their child care skills.
8. Complete a center by center cost analysis of the actual cost of private day care in a given community prior to instituting a voucher project. This cost varies greatly from county and even between communities in the same county. As much as possible, it is important to tap the actual cost of family day care before re-designing the model.